

Genscher: Peacemaker, Artist of Nuance, Unifier of Worlds

By Marc Fisher
Washington Post Service
How did a grumpy globe-trotter who speaks in complicated, elliptical sentences and carries himself without a trace of charisma become Germany's most popular politician?

diplomat whose comments often require interpretation by scholars. Mr. Genscher is credited by friend and foe alike with having played a crucial role in the startlingly quick unification of East and West Germany after the fall of the Berlin Wall in 1989.

Gorbachev's reforms, he was frequently pictured as "Gensch-man," a chunky superhero in a black mask and cape.

Mr. Genscher's spongy philosophy was his pet project, the Conference on Security and Cooperation in Europe, an international organization that cannot make decisions unless all of its 51 member nations agree.

Germans Are Braced For More Walkouts as Strike Creates Havoc

Compiled by Our Staff From Dispatches
FRANKFURT — Western Germany's public sector strikes gathered momentum on Tuesday when more than 100,000 workers walked out, leaving a trail of travel chaos, undelivered letters and overflowing garbage cans.

on the economy of even token stoppages in industry are likely to be larger.
Metalworker employers said in Berlin that they would reply to strikes with lockouts.

Children sitting through the debris in Kabul on Tuesday after heavy fighting between rival guerrillas.

KABUL: A New Leader

(Continued from page 1)
allowed to him according to religion, according to Afghan tradition, to do this.

WORLD BRIEFS

Women Get \$157 Million in Bias Suit

SAN FRANCISCO (NYT) — In what is the largest damage recovery in any case brought under the Civil Rights Act of 1964, State Farm Insurance Co. has paid \$157 million in a settlement with 814 women who were refused jobs as insurance sales agents in California over a 13-year period.

Poland Extradites Banker to U.S.

WARSAW (Reuters) — Poland handed an American banker wanted for tax fraud over to the U.S. Federal Bureau of Investigation on Tuesday, the first extradition by Poland to the United States.

More Colombian Unions Set to Strike

CUCUTA, Colombia (AP) — Efforts to repair Colombia's sabotaged phone system advanced slowly Tuesday, as labor unions prepared to stop work in support of 14,000 striking telecommunications workers.

Ex-Official Is Elected Mali President

BAMAKO, Mali (AFP) — Alpha Konare of the Alliance for Democracy in Mali has been elected president of Mali, according to official results of a second round of elections that were released here Tuesday.

Correction

Because of an editing error, an article Tuesday about a proposed metro system for Venice incorrectly said that Ascension Day is on Thursday, rather than on Thursday, May 28.

TRAVEL UPDATE

Sheraton Chain Simplifies Pricing

NEW YORK (NYT) — The Sheraton hotel chain has joined airlines and rental car companies who are offering lower — and simpler — prices to consumers.

REFUGEES: The Balkan Tide

(Continued from page 1)
was stolen by the leader of a Belgrade-based Serbian irregular unit known as the White Eagles.

Israelis Assail Lufthansa

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Israeli Election Plan Encourages Negotiators

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Jurists Assail U.K. on Hong Kong Rights

By Laurence Zuckerman
International Herald Tribune
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DISARRAY: Party Names New Genscher Successor

(Continued from page 1)
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Prosecutor Suspects 'Classic Check-Kiting' In House Bank Affair

By Ruth Marcus and Kenneth J. Cooper

WASHINGTON — The special counsel investigating the House Bank scandal has told members of Congress that his preliminary inquiry "has already unearthed evidence that a classic check-kiting scheme may have occurred."

In a four-page letter that he asked House leaders to distribute to all members, the counsel, Malcolm R. Wilkey, said the records of the House Bank, like those of a failed savings and loan association or the fraudulently operated Bank of Credit and Commerce International, should be made available to federal prosecutors.

"We are conducting an inquiry into the operation of a troubled bank which has closed. We need the usual records. We need Mr. Wilkey, a retired federal appeals court judge named to supervise the probe. 'The clients may be different, but that does not alter the nature of our inquiry, nor the records needed. In our America, the criminal law knows no specially privileged groups.'"

In his letter, Mr. Wilkey also implicitly took issue with the conclusion of the House ethics committee that U.S. government funds were not involved in the bank. "Who knows this?" he asked, citing a 1948 case upholding a conviction of a former House sergeant-at-arms in an earlier House banking scandal on the grounds that the funds, while they remained in the bank, were federal funds.

"It has been claimed that there have been no violations of law in the operations of the House banking facility. How can anyone possibly make such a claim?" Mr. Wilkey asked. "The House committee was not charged with this responsibility, was not legally competent to do so, and specifically shielded itself from knowledge of certain facts which might be relevant in a criminal inquiry."

Mr. Wilkey's letter, which he said was designed "to correct some misapprehensions" about his investigation, was the latest volley in a public dispute with the House leadership over a

Party Line and Discipline? For the Democrats, How Quaint

By R. W. Apple Jr.

New York Times Service

PHILADELPHIA — Back in the Pleistocene era of American politics, which ended about the same time the Vietnam War heated up, there was something called party discipline. It gave a phrase to the language: either "toe the party line," they said, or get in trouble with its elders.

With the popular rebellion against the fighting in Vietnam and the attendant changes in social values, insurgency became a more or less permanent political condition, especially in the Democratic Party. Big city bosses and ward heeler passed from the scene. Congressional and legislative leaders lost their

clout. Smoke-filled rooms were replaced by primary elections.

Now there is no party line, no party discipline and no party elders, or, to be more accurate, none that anyone pays much attention to. Which is one reason why the contest for the 1992 Democratic presidential nomination is so unsteady, and one reason it was likely to remain so after the Pennsylvania primary on Tuesday.

Governor Bill Clinton of Arkansas seemed sure to win here and to keep winning, except perhaps in California. Late voter surveys on Tuesday suggested that he would take more than half the vote. His lone active rival, former Governor Edmund G. (Jerry) Brown Jr. of California, sounded as if even he

knew the game was up, as surveys showed him trailing badly.

After the Pennsylvania votes have been counted, 7 of the 10 biggest delegations to the Democratic convention will have been chosen, with the other three — from California, Ohio and New Jersey — to be picked on or before June 2.

It is becoming almost impossible to find knowledgeable politicians who doubt that Mr. Clinton will be nominated. Yet there are plenty who talk wistfully about an open convention, who savage Mr. Clinton's record or his character and question his electability, who fantasize about what might have been — all of which contributes to the impression of party disarray.

Governor Robert P. Casey of Pennsylvania is not alone in hesitating to endorse Mr. Clinton and to urge party unity against the Republicans, although he has been much more explicit and outspoken than most in his criticism.

The Democratic governors of three other big states already won by Mr. Clinton have also held back: Mario M. Cuomo of New York, Ann W. Richards of Texas and Lawton Chiles of Florida. So have dozens of prominent congressional Democrats. And so have Senator Bob Kerrey of Nebraska and former Senator Paul E. Tsongas of Massachusetts, two of Mr. Clinton's vanquished rivals.

One major reason for the party's tardiness in rallying around its presumptive standard-bearer are the questions raised about Mr. Clinton's private life, his financial dealings and his draft status during the Vietnam War, and what those questions have done to his chances of defeating George Bush.

But a larger reason, perhaps, is the lack of party discipline. It is everyone for himself, and there are no real sanctions anyone can take against the nay-sayers. Of course, those who hope for preferment in a Clinton administration, through a judicial nomination or a cabinet or sub-cabinet position or an ambassadorship, will not be likely to hesitate. But since relatively few Democratic politicians seem to believe at the moment that Mr. Clinton can win, the loss of a potential political plum is not that much of a deterrent.

Once upon a time, a Jim Farley or a John M. Bailey would have come down hard on those who refused to play ball. But Democratic national chairmen no longer have that kind of power; Ronald M. Brown, the current one, feels he has to be extremely careful even in suggesting that the time may be at hand for the party to turn its attention to combating Mr. Bush.

Jackson Retreats on His Demand to Be Clinton's No. 2

New York Times Service

PHILADELPHIA — The Reverend Jesse L. Jackson has backed off from what seemed to be an aggressive lobbying campaign for the vice presidential slot, saying he did not intend to threaten the party or its presumed nominee, Governor Bill Clinton of Arkansas.

But Mr. Jackson said he would, of course, be honored to serve as running mate. The episode began when Mr. Jackson was

quoted as saying: "I've got the experience and I've got the votes. I see myself as a running mate for the Democratic Party." And he added that "if I am rejected this time, I am prepared to react."

But Monday night, Mr. Jackson issued a statement that was headlined, "Jackson made no threats to the candidate or party." He said his published remarks were "text out of context." He added, "Let me be clear: At no time

did I threaten the candidate or the party over the vice presidency or anything else." Mr. Jackson said he believed that the nominee had the option of choosing "who he will recommend to be on the ticket." He added, "I have said that if the nominee offered me the spot and the convention ratified it, I would be happy to serve. I have also consistently said that such discussion is premature and diversionary. I stand by those words."

With that, Fred Mammon, 66, interrupted to say: "I can't stand her. She's too aggressive." But before he could continue, someone shouted: "You're used to an aggressive woman, aren't you, Fred? You can handle her!" Mr. Mammon did not pursue the thought; his wife, Nancy, was standing next to him.

The respect Mrs. Clinton wins for her intelligence and aggressiveness seemed at times to backfire on her husband. Her strengths, in many people's minds, point up his weaknesses.

OPINIONS: In Pennsylvania, the Voters Size Up the Candidate's Wife

(Continued from page 1)

with her around," said Franklin Leidigh, 68, as he emerged from Sunday services at the College Hill Reformed Presbyterian Church. "I admire her. She stood by him and forgave him. That's what they teach us in church, isn't it, forgiveness?"

People said they respected Mrs. Clinton even though she is part of a campaign they considered slick and phony. For example, people said that they believed that Mr. Clinton, despite his denials, had an affair with Gennifer Flowers and that Mrs. Clinton knew it. Yet she is praised as the noble wife, not criticized as part of a cover-up.

They believed Mrs. Clinton was putting on a front, trying to appear less feminist. Yet they see it as acceptable for her to do that even as they put down Mr. Clinton for being a false, plastic figure who geared his life toward winning the presidency.

"I see reading the paper that she's been Miss Goody Two-Shoes in Pittsburgh," said William Zera, 71. "I think it's a put-on." Yet he went on to say that he thought favorably of her: "She seems so intelligent. She's so bright. She'll help him."

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Nepal Bans Teachers' Politics

Agence France-Press

KATMANDU, Nepal — The Nepalese government has banned the country's 37,000 primary and secondary school teachers from joining political parties or campaigning for them, an official of the Ministry of Education and Culture said. Political sources noted that most younger teachers were leftist-oriented.

Judge Orders UPI Sold to the Highest Bidder

The Associated Press

NEW YORK — A bankruptcy judge on Tuesday ordered United Press International to be sold at auction after the news service said it must find a buyer or run out of money within three weeks.

In a letter to Judge Francis Conrad, the company asked that the auction be held before May 15 — the date the news service "will have to cease operations due to an inability to meet its payroll." The letter was sent Friday and the judge formally agreed to the proposal on Tuesday.

"Anybody who's been waiting for some magic date to make an offer, now there's a magic date," said Steve Geimann, the UPI editor, of a May 11 deadline for sealed bids.

The order called for sealed bids to be submitted by May 11, along with a 15 percent deposit toward the proposed purchase price. Judge Conrad scheduled a hearing for May 12 to review the bids in Rutland, Vermont, where he is based.

"We have not decided to shut UPI down," Mr. Geimann stressed. But, he conceded: "We cannot continue to operate the way we are operating." In March, UPI said it was losing \$100,000 a month.

Mr. Geimann said the company has had discussions with several potential buyers, but no firm offers.

AMERICAN TOPICS

Fewer Quakes Strike, But Get More Notice

In recent weeks, an earthquake has killed 500 people in Turkey. California has been rocked by widely scattered tremors. Western Europe has experienced its strongest quakes in 200 years. Other strong tremors have hit Japan, Peru, Pakistan, Taiwan and China but caused little damage.

Short Talks

The Virginia Court of Appeals, in a split 4-to-3 decision, ruled that an intoxicated person cannot be convicted of drunken driving for sleeping at the wheel of a car while the engine is off, even if the key is in the ignition. Ruling for the majority, Justice Henry H.

Whiting wrote, "Because the presence of the key in the ignition switch in the off position did not engage the mechanical or electrical equipment" of the car, the man at the wheel did not "drive or operate" the car.

Dissenting Justice A. Christian Compton wrote that such a person "is likely to arouse abruptly" and "roar away, imperiling the lives of innocent citizens."

When the Central Intelligence Agency drew up a 15-page "Task Force Report on Greater CIA Openness," it was stamped "Secret," meaning unauthorized disclosure could damage national security. After several congressmen objected, the report was declassified. It advocated what the CIA director, Robert M. Gates, had been urging in public: declassifying records, more openness with press and public. "It is difficult to discern anything that would damage national security," the Washington Post reported, but some items "might be considered embarrassing," like a one-third cut in the budget of the CIA's public affairs office, which would be the mainstay of any policy of openness.

The world's largest freshwater aquarium will open Friday in Chattanooga, Tennessee. It cost \$55 million and boasts a rocky stream that tumbles through a misty Appalachian mountain forest and a languid bayou swamp stocked with alligators, water moccasins and crayfish. Most

city aquariums feature mainly saltwater exhibits with sharks, porpoises and whales, but Chattanooga's focuses mostly on freshwater creatures and habitats.

Can a businessman like Ross Perot win an election and govern effectively? In a letter to The New York Times, Ken Textor of Arrowsic Island, Maine, writes that in his state, in 1974, James B. Longley, a businessman, ran for governor as an independent and won. He "proceeded to govern the state well for the next four years. He had a tough, no-nonsense attitude," and he got the state legislature "to pass several bills that still benefit us in Maine." Today, politicians of both parties "look back on Governor Longley's tenure with approval." In poor health, he did not run for re-election and died shortly after his first term, Mr. Textor adds. "Perhaps it will be true once again that as Maine goes, so goes the nation."

The hottest ticket on Broadway is the revival of "Guys and Dolls," with Nathan Lane playing Nathan Detroit. Mr. Lane, 36, son of a second-generation Irish truck driver, says that, as a lifetime admirer of the show, he readily took Nathan as a first name years ago when he found that his own name, Joe Lane, already had been taken by another member of Actors Equity.

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Senior officials from the Argentine Ministries of Economy and Public Works and Defence, along with the heads of public enterprises to be sold, will be on hand to answer queries.

This seminar is a must for business executives, industrialists, senior officials of financial institutions and private sector analysts. For more information, and to reserve your place call

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

For a Nuclear-Free India

Russia has now agreed to a welcome "pause" in its lucrative sales of missile technology to India. But a pause is only a temporary solution...

Why Not Save Somalis?

With shameful penury, the Bush administration balks at humanitarian intervention in Somalia because it might cost the United States \$7.5 million.

Studying AID to Death

In this year year alone, U.S. foreign aid will be the subject of no fewer than three critical and overlapping studies.

Limits to Deregulation

Deregulation is the current theme-of-the-week in George Bush's re-election campaign, but the term has lost a lot of its earlier pizzazz as a battle cry.



No, You Don't Need to Be Afraid of Sustainability

HANOVER, New Hampshire — As the world prepares for the Earth Summit in June, the buzzword is sustainability. Governments and people are working not only to define that concept but to achieve it...

Jobs or Nature? It's a Dumb Question

WASHINGTON — Every opinion poll on the subject seems to pose the same false choice: Environmental protection or economic growth, nature or jobs?

Recycled Ideology for the Earth Summit

THE DRAFT declaration adopted for the Earth Summit deals with justice between rich and poor nations. Its key concept is "sustainable development" — a notion developed in the 1987 Brundtland report...

Look Again at the African Solution

PARIS — In Togo they call it 'kalabule' and in Uganda it is referred to as 'magenda'; Algerians speak of 'trabendo'.

They Prefer Bush, but Not Enough

WASHINGTON — To Nick Brady, the truth is simple: Growth in the major countries needs to be cranked up or the world faces a recession, just at the time when resources will be strained to help the former Soviet states.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairman

IN OUR PAGES: 100, 75 AND 50 YEARS AGO 1892: Canadian Gesture PARIS — We recently noted that Canada, while relying upon Britain for assistance in times of danger...

OPINION

Perot Should Be Telling Us More About His Programs

By A. M. Rosenthal

NORFOLK, Virginia — Somebody is giving Ross Perot the wrong advice. The man who is running for president is not a politician. He is a man who is using the two strongest tools he has...

ON MY MIND

Democratic Party in the polls. The campaign is still saying he can never be elected — only not so loudly. So if he has gone this far on his strategy, why is it wrong? The answer is a simple one: He is not being true to himself or to the people who are reaching out to him.

One reason Mr. Perot has been getting away with it is that President George Bush has disappointed so many who once voted for him. So bitter is their disappointment that they are willing to switch to a man who not only has never been in government but will not say exactly what he will do if he gets

Democrats Need Him

THE Democratic Party is wending its way to certain defeat in November. Rank-and-file Democrats want a winner, and polls show that many believe they see one coming. His name is Ross Perot. Mr. Perot says he is an independent, meaning that he has supported candidates of both parties. But his positions on specific issues — abortion, gay rights, taxes, the deficit, free trade, America's role in the world — make clear that he is a Democrat. He has the potential to be the Democrats' Ronald Reagan: the anti-establishment, pro-business leader whose argument for an overhaul of the nation's agenda is made with great personal charm and an expert use of television.

there. If ever there was a devastating verdict on President Bush's performance, the Perot rocket is it. And, of course, Mr. Perot profits by the going of Bill Clinton — by Bill Clinton, the press and Democratic backstabbers who cannot forgive him for having the courage to run when so many hotshot Democratic politicians suddenly found safer things to do.

Given his abilities and the American love for the underdog, Mr. Clinton and his wife may stroll in the Rose Garden. Counting him out is ridiculous and manipulative. But, like Ross Perot, Bill Clinton will need the votes of Americans who voted for George Bush once but will not vote twice. So at least the president has the comfort of knowing that a vote for Perot is one vote less for Clinton.

But if Mr. Perot is to get the votes, he will have to give voters what he demands for himself — respect. In politics that means clarity of intention.

For starters, I want to know about his drug-fighting plan. He says he has one, that it won't be pretty but that it will work and be within the Constitution. I am sorry for addicts but sorer for their victims — crack babies, patients infected with diseased blood, passers-by shot in streets, children packing guns at 9, dead at 12. A national horror. Yes, every plan will be examined critically by citizens, legislators, judges and bureaucrats. Isn't that what the Constitution is about, something called balance of power? Isn't that the stove that gives off the heat in the White House kitchen? And isn't it time Ross Perot showed us if he could stand getting his hands warmed?



LETTERS TO THE EDITOR

Arguing for the Earth

After mixed results in preparations for the Earth Summit in Rio de Janeiro in June, maybe environmental arguments should be reconsidered. Arguing from prudence is perhaps not the best way, because prudence is widely regarded as a personal or national concern. Moreover, it is hard to weigh up a situation never encountered before — world environmental degradation.

In contrast, arguments based on compensation for damage or destruction have often been seen as an international concern (in the consequences of war, for example). They relate to the measurable effects of specific actions and can be equally and predictably applied to everyone.

TIMOTHY DEVINNEY, Athens.

Where There's Smoke

Regarding the editorial "Americans and Israelis" (April 6): This editorial states that it was "reassuring" that the United States "found no evidence to support the leaked American intelligence reports" that Israel was "reselling high-tech, high-profile Patriot missiles or technology to China." This reassurance illuminates a distressingly flawed American intelligence machine and outlook.

The leak of the unfounded report was also a significant security violation. There is a lingering unease that so far as charges against Israel are concerned, where there's smoke there's an American-fabricated smoke bomb.

JOSEPH LERNER, Jerusalem.

A Betrayal of Trust

Regarding "Free Mardechai Vanunu" (Letters, April 3): Simon Gould concludes his letter: "Mr. Vanunu is no Eichmann. Let him be freed." But Mr. Vanunu is worse than Eichmann; he sold his people out to a newspaper.

Marching On for Flag and Fetus

By Harold Bloom

NEW HAVEN, Connecticut — In August, when militants of Operation Rescue assaulted abortion clinics in Wichita, Kansas, George Bush's Justice Department sided not with the federal judge who had ordered that the clinics be kept open and whose jurisdiction it was, but with the mob itself. The president urged the Operation Rescue stalwarts to soften their protests, but otherwise he gave them his approval.

Many of the same activists are involved in the current Operation Rescue campaign in Buffalo, New York, but the

priests and nuns, assorted fundamentalists and followers of new and still obscure denominations. What unites them is their passionate defense of the fetus as a living being and their conviction that the president and his administration stand with them.

Some among these rescuers of the fetus are equally passionate defenders of creationism, and indeed connect their stance against evolution to their position against abortion.

Although they attribute both crusades to biblical infallibility, a hidden belief is at work here. It is not so much that they know that God made them and every endangered fetus, but rather that they have another knowledge. Their deepest conviction is that they were not part of the creation, but existed as spirits before it, and so are as old as God Himself.

To be told that they evolved from a common ancestor of themselves and of apes is no better or worse for them than to be assured that they all descend from a single African woman.

What wounds them unforgivably is not the idea of evolution (in whatever version) but the insinuation that they were never God, or part of Him.

Their sense of their freedom depends ultimately on being free not only of time and of nature but, more secretively, of the very creationism that they urge on the rest of us.

That ultimate freedom returns us to Mr. Bush's defense of the flag and the fetus, both equally dear to fundamentalists and their Operation Rescue allies.

Many defenders of a woman's right to abortion are embittered by the greater concern that Mr. Bush and the rescuers evidently have for the fetus than for the infant. The fetus must not be aborted, but whether the infant starves seems, for them, a very secondary matter.

Let us cast this bitterness away. As American Religionists, the president and his pneumatic supporters are devoutly sincere. Unwitting Gnostics, they follow the ancient heresy of believing that the creation and the fall were one and the same event. They therefore value the unborn over the born, the innocent and spiritual godlike fetus over the newborn babe who has fallen into the material world of poverty and sickness.

One sees, then, why the fetus and the flag are one; the baby is not alone and may drain the pious taxpayer, but the fetus can wave over the land of the free. Like the American Religionists, it will remain solitary and godlike, poised always before the creation.

The admirable spiritual consistency of what might be called Republican Gnosticism is quite undeniable.

Warlike patriotism, opposition to abortion and refusal to seek economic and social justice unite a curious coalition of supposed theological enemies:

Mormons, Southern Baptist fundamentalists, Seventh-Day Adventists, Assemblies of God Pentecostals, assorted other evangelicals. Their surface doctrinal disputes mask their more profound affinities, which the leaders of the Reagan-Bush Republican Party have been able to sense and to harvest.

Even if the American Religionists constitute a distinct minority, their fierce devotion to their principles gives them a political and economic influence very nearly dominant in Republican councils.

A new religion has been slowly replacing European Christianity in the United States since the country's founding. Sometimes it has manifested itself in fresh and ecstatic revelations, as with the Mormons and the Adventists. Joseph Smith of the Mormons and Ellen Harmon White of the Adventists both had a capacity for continuous influxes of divine knowledge.

In other instances the American Religion has adopted older Protestant identities, such as the Baptists, but replaced those faiths with an apparent creedlessness that conceals archaic shamanisms, together with 17th and 18th century enthusiastic revivals of Gnostic heresies that were prevalent in the early Christian period.

What ought to be called the American Religion is now starting to cohere. Although it mostly calls itself by the name of one Protestantism or another, this American Religion is post-Protestant, indeed post-Christian. It has three principal characteristics.

What is best and oldest in each of us is already part of God and so is no part of the creation. Spiritual freedom depends on being alone with God and so demands a preference for solitude over society. Finally, God loves each of us on a personal and individual basis.

There is immense spiritual strength in these marks of the American Religion, but they combine pragmatically to remove social compassion from the national soul.

The Buffalo Rescuers are another particle of the spirit manifested by George Bush and Oliver North. When they addressed the Southern Baptist Convention in June, Mr. North waved the flag and the fetus and the president wept and prayed as he stood in front of his constituents.

The American Revolution brought about a wholly secular authority, but it preceded the long, slow evolution of the American Religion. Mr. Bush and the Reagan-Bush Supreme Court will keep faith with the American Religion, and more even than a woman's right to abortion will vanish from among us.

The writer is author of "The Book of J" and, most recently, of "The American Religion: The Emergence of the Post-Christian Nation." He contributed this column to The New York Times.

They Prefer Bush, but Not Enough

By Hobart Rowen

WASHINGTON — To most of the major countries, the truth is simple: Bush is a dud. The time when the world was divided into two camps is over. The time when the world was divided into two camps is over. The time when the world was divided into two camps is over.

But the world's cooperation has been the subject of a number of articles in the New York Times. The world's cooperation has been the subject of a number of articles in the New York Times.

75 AND 50 YEARS AGO

Health and safety needed a massive war on them. In front of the cameras were numerous machines, their belts connected with the treadmills by an underground corridor. The factories are larger and more sophisticated than those known today.

1942: Allies' New Steps

WASHINGTON — From our New York edition: President Roosevelt announced to the people at a luncheon April 28 that he had authorized a new step in the war against the Axis. The United States is now prepared to supply the Allies with the most advanced military equipment available.

Advertisement for International Herald Tribune subscription. Includes headline 'You can't beat this subscription offer: SAVE up to 46% off the newsstand price.' Features a table of subscription rates for various countries and a form for ordering.

Advertisement for tennis equipment featuring a photo of a tennis player and the headline 'The Secret of a Champion: the Weather.' Includes text about tennis in Spain and a logo for 'ESPAÑA Passion for life.'

Messiaen, 83, Dies, Religion Inspired His Music

PARIS — Olivier Messiaen, 83, France's foremost contemporary composer and whose devout Catholic faith inspired more than half a century of influential, sometimes perplexing music, died late Monday of early Tuesday in a hospital after an operation.

Jack Dumphry, 77, a novelist and playwright who was the author Truman Capote's closest friend and companion for 35 years, died of cancer Sunday in New York City.



LIBYA PLEADS AGAINST SANCTIONS — Foreign Minister Ibrahim Mohammed Bishari of Libya arriving in Cairo on Tuesday for a meeting of the Arab League.

Relatives Of Victims Jam Court As Pan Am Trial Opens

NEW YORK — With relatives of those who died in the bombing of Pan Am Flight 103 crowding a Brooklyn courtroom, jurors heard opening arguments in the criminal lawsuit to hold Pan American World Airways liable for failing to prevent the attack.

Francis Bacon, 82, Painter of Distorted Forms



Francis Bacon with one of his works at the Tate Gallery. His images were often twisted and stark.

LONDON — Francis Bacon, 82, who gave the art world some of its most disturbing images and was hailed as one of the greatest contemporary painters, died of a heart attack in Madrid on Tuesday after becoming ill on vacation.

A Democratic Bind for Jordan Moderates Keep 'Political Islam' at Bay

By Caryle Murphy Washington Post Service AMMAN — Abdul Latif Arabiyat is a clean-shaven, middle-aged educator who got his doctorate degree at Texas A&M and wears a suit and tie to work. In his office at the Jordanian National Assembly, where he is speaker of the House of Representatives, he sits beneath a large portrait of King Hussein.

Another Major ETA Suspect Held in France

PARIS — The suspected treasurer of the Basque separatist movement ETA was arrested Tuesday at an airport outside Paris as he prepared to board a flight to Mexico, the police said.

Advertisement for The Peninsula Manila hotel. It features a large photograph of the hotel building and a testimonial quote: "A gathering place for world travellers and Manila society, the lobby of the Peninsula was the perfect venue for our first meeting..."

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8 Go on Trial for Raid at Algiers Military Post

ALGERS — Fundamentalists facing possible death went on trial in Algeria on Tuesday in the second hearing to open in three days over killings at military posts.

U.S. Delays Shuttle Launch

CAPE CANAVERAL, Florida — The U.S. space agency has postponed for three days the flight of its new space shuttle Endeavour so the \$2 billion ship can be launched in daylight.

U.S. Complains on Armas

The United States complained recently to the Chinese government that a cargo ship was seen unloading Chinese-made small arms at a Libyan port several days after the April 15 embargo against arms sales to Libya imposed by the United Nations Security Council.

Vertical advertisement for 'Critic's Of Jazz' and other jazz-related services. It includes logos for 'Mercedes', 'Vestibule', and 'International Escorts'.

Critic's Choice Of Jazz Records

From Abbey Lincoln to Basie, French Companies Score Big

By Mike Zwerin International Herald Tribune

PARIS—This was not planned as a Gitanes Jazz feature, it just turned out that way. Selecting good new recorded music, these people are hard to avoid. In a little over a year, they have produced fine new albums by Shirley Horn, Duke Ellington, Stan Getz, Charlie Haden and Abbey Lincoln.

CHARLIE HADEN, "Haunted Heart" (Gitanes Jazz): Everybody's favorite bassist, Haden has a shot at a Grammy with this wide-angle full-color portrait of Raymond Chandler's Los Angeles. Conceived, Haden says, "like a film telling a story," it's a sort of "Chinatown" of sound. Bring your own projector. Chandler was and Haden is, nostalgic for the days when intellectuals called Angel City the "Athens of America," and "there were trees along Wilshire Boulevard and Beverly Hills was a country town."

Back-to-the-future vocals by Jo Stafford ("Haunted Heart, recorded in 1947), Jeri Southern ("Ev're Time We Say Goodbye," 1954) and Billie Holiday ("Deep Song," 1947) are seamlessly interwoven with Haden's state-of-the-art band, Quartet West. Other credits include music from "The Maltese Falcon," Glenn Miller's "Moonlight Serenade" and the David Raksin theme from "The Bad and the Beautiful." Enjoy the movie.

ABBEY LINCOLN, "You Gotta Pay the Band" (Gitanes Jazz): With Stan Getz and Hank Jones (piano) behind her, it's hard not to get back to Billie Holiday with Lester Young and Teddy Wilson. Lincoln can be compared with Billie textually, stylistically and materially, but above all because both are among the few to go beyond that cloying "look how hip I am stance" indigenous to the category "jazz singer." A complete musician (she wrote five of these songs, she says she "found" them) she's also dramatically powerful ("Brother, Can You Spare a Dime?"). The biggest success of her distinguished career, the album has been on the Billboard magazine jazz chart for months. "There is a great prize for people who go their own way," she told Peter Watrous of The New York Times, "for people who address their own heart." She wins.

JIMMY GIUFFRÉ 3, "1961" (ECM): Accompanied by a young Paul Bley, crossing barlines and redefining dissonance on the piano, and a 20-year-old Steve Swallow on acoustic bass, Giuffrè illustrates a statement of purpose he had written five years earlier. "It has been said that when jazz gets soft it loses its gusto and funkiness. It is my feeling that soft jazz can retain the basic flavor and intensity that it has at a louder volume and at the same time perhaps reveal some new dimensions of feeling that loudness obscures." ECM's Manfred Eicher would later build his influential catalogue (featuring, for example, Keith Jarrett and Jan Garbarek) on the thesis: "Power can come from a quiet place."

GIUFFRÉ was criticized for playing quietly. Translation: "Too white." ECM's music was said to be "too European" and (take your pick) "too intellectual." Translation: "Too white." Although it is always dangerous, some jazz can in fact be for the sake of superficial convenience be described as sounding "black" or "white." However such simplistic terminology has no place in this case. Giuffrè was a harbinger of new music of many colors and continents. "1961" is the first release in the history of ECM, a new-music company nonpareil. The avant-garde has caught up with itself.

JOHN McLAUGHLIN, "Out Algeria" (Verve): No other guitarist uses so much masterful and varied acoustic and electric technique with such good ecology. When he plays fast, he's not being heroic. Slow tempos with generous use of space are not showboats with "Old Slowhand." Indian passages with percussive Trilok Gurtu are organic rather than fancy fusion fireworks. Dominique Di Piazza's electric bass is appropriate. McLaughlin's electronic effects are based on appropriate technology. Although you cannot get much more serious than this, McLaughlin is not in your face with it. This is fun.

COUNT BASIE, "Volume Three, 1929-1937" (Media 7, "Masters of Jazz"): Nothing to do with Gitanes. Media 7 is however another creative French company. Worth putting in your pipe and smoking anyway. Listen to Lester Young before the army and the mental institution, before, increasingly wasted, he stood looking out the greasy window of his tacky room in the Alvin Hotel to see his disciples, now more successful than him, walking in to work Birdland across the street. Is it worth the price of a 72-minute CD to hear what all the shouting was about, maybe 15 minutes of Prez at the height of his power on such classics as "One O'Clock Jump," "Roseland Shuffle," "John's Idea" and "Shoe Shine Boy"? You bet it is. (Consider the Count a bonus.)



David Bradley plays subtle in Ben Jonson's "The Alchemist" at the Barbican.

An 'Angel' Saved by the Music

By Henry Pleasants

LONDON—The new production of Prokofiev's "The Fiery Angel" by the Royal Opera, shared with the Kirov Opera of St. Petersburg where it was first staged last December, ends in a convent with an orgy of diabolized nuns, some of them literally climbing the walls, having first divested themselves, or been divested, of their habits — and everything else.

It is a sensational climax — in more ways than one — but not without precedent in grand opera. Meyerbeer anticipated Prokofiev by almost a century in "Robert le Diable" with a ballet-bacchanale of resurrected nuns — or their spirits — who had died in carnal sin.

Lord Mount-Edgcombe saw it with the original cast in London in 1832, a year after its Paris premiere, and wrote of it in his "Musical Reminiscences" (1834) that he had never seen "a more disagreeable and disgusting performance."

Last week's Covent Garden audience never batted an eye. It applauded heartily, and the critics, so far with only one exception, have joined in the applause.

Lord Mount-Edgcombe went on to say: "Neither does the music of Meyerbeer compensate for a fable which is a tissue of nonsense and frivolity."

Well, the libretto of "The Fiery Angel" — and the composer is also its author — is every bit as loopy as Scribe's for "Robert le Diable," but in this case the music, dating from the 1920s, redeems the nonsense, the latter made all too explicit by the surtitles (it is sung in Russian). So, too, does David Freeman's production, staged by Robert Chevara and designed by David Roger — a case where producer opera is not a curse, but a blessing. The story, set in 16th-century Germany, tells of Renata, a demure female who is visited at the tender age of 8 by a fiery angel appearing in various forms.

As an adult (more or less) she seeks to identify the angel — or the devil — in the man who crosses her path, bringing disaster to them all, especially to one Rupprecht, a knight returning from travels in America in 1543 (!). His adventures in her despite her irrational changes of mood and motivation has led one London critic to suggest that he must have had a brain the size of a pea.

Enough. The glory of the opera lies in the orchestral score, superbly played under the direction of Edward Downes, celebrating the 40th anniversary of his association with the Royal Opera. Prokofiev in the '20s was an orchestral wizard, and here we have wizardry in the pit as well as on the stage.

To the orchestral glory here is added — presumably Freeman's idea — the virtuosic performance of the St. Petersburg Maryinsky Acrobatic troupe incorporating Renata's demons. They are present and choreographically participatory from beginning to end, most conspicuously in the orgasmic finale.

Prokofiev wrote more sympathetically for the orchestra than for singers, but here we have singers, notably Galina Gorchakova as Renata and Sergei Leiferkus as Rupprecht, superbly equipped to master the intricacies and exactions of the vocal writing. There are excellent cameos, especially from Robert Tear as Mephistopheles (how did he get in there?) and Paula Burchardtz as the exorcising grand inquisitor.

Further performances April 29 and May 2.

Henry Pleasants is a London-based author and critic who specializes in music and opera.

When the Ghosts Go West

Lost Faith Faces Reality in Brenton's 'Berlin Bertie'

By Sheridan Morley International Herald Tribune

LONDON—At the Royal Court, Howard Brenton's "Berlin Bertie" is, like David Hare's "Secret Rapture," about two English sisters trying to rationalize their own private lives at a time of huge political and social disillusion. The problem this time is not Thatcherism but the collapse of Eastern Europe, from where one of the sisters (Diana Rigg) is on the run, having fallen for a bit of secret-police disinformation about her pastor husband being a spy for the Stasi.

Her flight brings her to the derelict South London flat of her drugged-out former social worker sister (Penny Downie), and it is there that the very recent ghosts of 1980s political realignment come to haunt them as well as the third woman (Susan Lynch), a mime artist who finally offers them an unlikely escape into a show-biz trio of flying nuns. There is indeed a certain eccentricity here, but there is also all the evidence of an immensely powerful contemporary dramatist trying to wrestle with the immediate past and what it means for the immediate future.

All the women in "Berlin Bertie" have lost faith, and love, and much hope, though the men seem better protected: a thug who shares the squat flat has never heard of anything in Berlin, while Bertie of the title is an East German secret policeman having no trouble at all setting up an illicit video business for London in the 1990s.

Brenton is best when contrasting the sense of lost faith and idealism with the reality of commercial city survival in a community which has no East or West, merely a muddled kind of middle gap through which drop all the old political certainties and youthful ideals. Danny Boyle's production draws splendid performances from Rigg and Downie, as well as Nicholas Woodeson in the title role.

Sam Mendes's revival of "The Alchemist" was first seen last summer on the Jacobean Swan stage at Stratford, and has now been successfully moved up into the much larger reaches of the main Barbican stage in London. It retains a manic intensity as the three great confidence-tricksters Subtle (David Bradley), Doll (Joanne Pearce) and Face (Jonathan Hyde) set about the fleecing and fooling of gullible, greedy merchants in the 17th-century City.

The temptation of recent "Alchemist" revivals has been either to go for modern parallels (not entirely difficult, given the current state

of the City) or for the dark underbelly of Jonsonian social commentary. By the way of change, Mendes gives us high-speed farce close in spirit to the contemporary work of David Mamet in such similar salesman-in-extremis piece as "Glengarry Glen Ross" or "House of Cards." The trick here is in the speed of the change of identity: Jonson's con men and women are

"Wuthering Heights" and a whole genre of blockbuster novels of life and death among the hill farmers. Mitchell unites her production, with a strong sense of religion and tribal warfare. At its opening and closing, the cast forms into the shape of a cross and in the intervening three hours they play out two plots of protest and familial guilt. In the stronger of the two, a woman is banished by her husband for infidelity and dies of the guilt in the weaker, a bankrupt nobleman attempts to prostitute his sister to his landowning rival.

Neither story works very well, and it may well be that having authored or co-authored 200 others, Heywood was not inclined to spend much time fine-tuning. At the head of a powerful cast Michael Maloney and Saskia Reeves bring out the slow, rustic secrets of a somber family drama, played out against the dark brown setting of poverty.

This is a complex morality play on the various abuses of friendship brought about by financial disaster or sexual passion; but it is also a portrait of Yorkshire at a particular moment of transition, when church and state were at war for the souls of the nation, and this very bare staging on a floor of straw and rushes conveys a strong sense of the countryside in chilly, unforgiving mood. In that sense we have here the reverse of "Lark Rise to Candleford," a community piece in which the landscape remains perpetually hostile to the passions of those trying to scabble a living from its earth.

Mendes's production also manages to indicate the internal life of the gang, always about to self-implode until the next victim appears.

Also up to the Barbican from last year at Stratford is Katie Mitchell's studio staging of Thomas Heywood's "A Woman Killed With Kindness," a rarely revived Yorkshire tragedy from 1603 which, it could be argued, paved the way to

Advertisement for dining and entertainment venues in Dublin and Paris, including POLO I, CHEZ FRED, CARR'S, DA MEO PATACCA, THOUMLIEUX, KERVANSARAY, and LE WESTERN.

Advertisement for OIL & MONEY: ASIA & THE PACIFIC SINGAPORE, MAY 11 - 12, 1992. The 4th annual conference co-sponsored by the International Herald Tribune and The Oil Daily.

Crossword puzzle grid with clues and solutions for the puzzle dated April 28.

INTERNATIONAL CLASSIFIED section featuring various escort services and guides from cities like Geneva, London, Zurich, and Tokyo.

Registration form and contact information for the Oil & Money conference, including details on fees, location, and contact persons.

Vertical text on the far left edge of the page, partially cut off, mentioning 'Relatives Of Victims Jam Court As Pan Am Trial Opens' and 'U.S. Delay Shuttle Launched'.

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KUWAIT BUSINESS

Back in Business as Postwar Oil Production Soars

Kuwait is now catching its breath, entering the recovery period (known as *al-Taher*) and returning to normal. Emergency reconstruction work is now complete, electricity is almost back at full power, both domestic and international telecommunication systems are fully functional. Kuwait Airways

terrible events, however, will linger on into future generations.

The success of the cleanup and refurbishment program has been remarkable. Less than 2,000 homes were destroyed or damaged, and many of those have now been repaired. Most of the leading hotels are fully operation-

Following last month's agreement by the National Council to buy back from Kuwaiti banks \$20 billion worth of bad debts, businessmen, merchants and contractors are looking forward to an upturn in the Kuwait economy. Oil revenues are rising sharply as Kuwait pumps more than 800,000 barrels a day.

paring itself for increased economic activity now that Ramadan, the Muslim holy month, is over. With the \$20 billion bank debt resettlement program now agreed by the government, the economic brakes will be released. Local traders will vie with foreign partners to get the lion's share of the estimated \$20-\$30 billion to be spent on the development of a

is for defense — \$9 billion, five times more than pre-war levels.

"We are going to have to look on the bright side — we cannot look back," declares Anwar A. al Mulla, a member of one of the emirate's leading merchant families and deputy chairman of the Al Mulla group of companies, which had a \$180 million turnover in 1990 and is the Kuwaiti agent for Chrysler and Mitsubishi. "There is a great deal of business still to be done, particularly in the private sector. The refurbishment of consumer items will continue. There is still a market for all kinds of electronics and electrical goods," he adds.

economic activity," says an official at the Kuwait Chamber of Commerce and Industry. He adds: "After the war, we witnessed this tremendous boom because the whole country was ravished and looted. Everything had to be replaced. Now the economy has fallen back to a more normal level." Future business opportunities are going to come from a strategic change in the approach to economic development. Much depends on the outcome of a return to a democratic system of government and the elections next October. Those close to the government forecast a closer role between the private and public sectors.

most half of its assets overseas, leaving it with some \$40 billion, according to local economists.

"We have to boost the local economy by transferring our holdings to the private sector," says Abdullah A. Al-Gabandi, managing director of KIA. "We have many investments that just don't make sense when they are held by the government, so when the time is appropriate, we will offer the holdings to the private sector. The decision was taken some time ago." He adds that the authority's local investments are estimated at around 10 billion Kuwait dinars (\$35 billion).

More and more Western expatriates are being recruited for senior and middle-management posts. Their expertise is needed during the crucial period ahead.

For the same reason, Western companies are being asked by the Kuwaitis to examine ways of bringing in some of their managerial skills. Kuwait Airways and the telecommunications sectors have approached British Airways and British Telecom. A Dutch company is examining the Public Ports Authority, and perhaps the most significant move is the expected management contract between British Petroleum and Kuwait Oil Company.

Although this was originally thought to concern only oil reservoir appraisal and management after the firing of the wells, industry sources in Kuwait suggest that BP may have a much greater role to play in the management of Kuwait's oil industry, part of which is likely to be privatized.

Currently, the brightest star in the economy is the refurbishment of the oil sector. "We are slightly above target," says Nader H. Sultan, executive direc-

Continued on Page 12



Happy days are here again as traders discuss the price of gold jewelry in one of Kuwait's souks.

Corp. is back in business and the ports are open.

Most important of all, the oil is flowing in increasing volume as Kuwait Oil Company fights its way back on stream, having put out all the fires months ahead of schedule. A little more than a year after liberation in February 1991, it is hard to see the scars of war. The unseen human scars of those

al, although facilities are still limited in some of them. The souks and many of the commercial centers and shopping malls have been restocked. The car showrooms are bursting with 1992 American and Japanese limousines and the banking halls are crowded with would-be depositors.

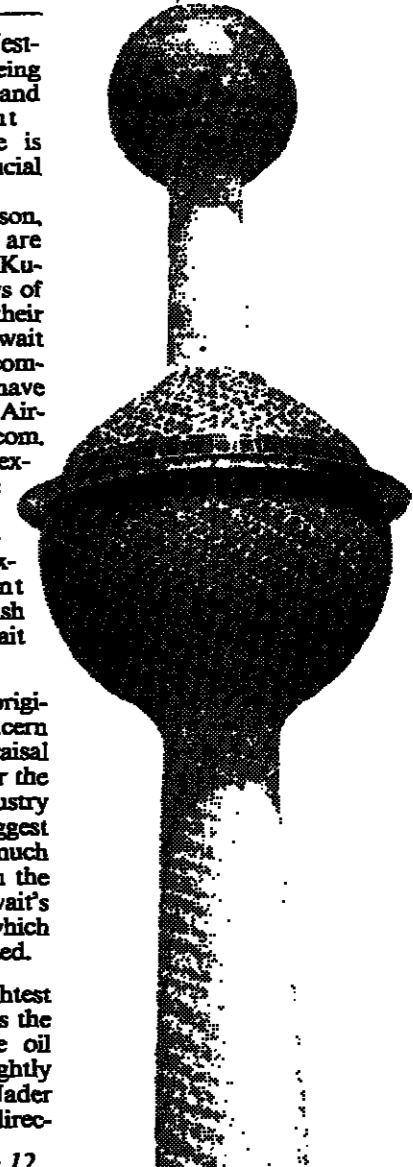
Basically, Kuwait is back in business and pre-

new, leaner and more efficient Kuwait.

At the end of March, the National Council finally approved the 1991-92 budget — a budget for 1992-93 will be announced in June. The current budget allocates \$21.3 billion for expenditure against a projected revenue of \$3 billion, giving a record deficit of \$18.3 billion. Although not stated officially, economists say that the biggest single expenditure

Although the population of Kuwait has declined from about 1.8 million to about 1.2 million (the Kuwaitis themselves make up only 600,000), traders are cautiously optimistic about future growth, although it will not be on a prewar scale for some time to come.

"You have to remember that this change in population does make an important difference to local



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Q1 Name the first new oil company for 15 years.

Q2 Which oil company introduced the first unleaded petrol in Europe?

Q3 Which company is one of the official fuel suppliers to British Airways, Lufthansa, Qantas and over 60 other airlines?

Q4 Who launched one of the first fully automated fuel cards for European road hauliers?

Q5 Which oil company has 6,000 petrol stations throughout Europe?

Q6 One oil company has gone from sales of 0 to 330,000 barrels per day in 8 years. Which one?

Q7 Which oil company continued trading in 1991 despite having its oil supplies cut off?

Q8



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AT&T

Oil: Target of 2 Million Barrels by 1993

After a slight dip in production early in the year, crude oil is now flowing from Kuwait at the rate of more than 800,000 barrels a day.

This includes its half share of the Neutral Zone production, which amounts to around 140,000 barrels a day (the rest goes to Saudi Arabia) plus 40,000 barrels a day from the Al-Wafra Field in the south.

Industry sources in Kuwait are confident that production will reach the targeted pre-invasion level of 1.5 million barrels a day by the end of the year. The same sources say that by the middle of 1993, total production could easily reach 2 million, well in excess of the currently agreed OPEC quota.

When the well fires were finally capped last November at a cost of around \$1.5 billion, damage assessments showed that 65 percent of the 729 wells set ablaze by the Iraqis appeared to be usable. Last month, 90 of the old wells plus 44 newly drilled wells were in production.

Santa Fe International, operators of the new drilling program, is now drilling between seven and 10 new wells a week, as well as working over some of the old ones. Progress is limited because there are only nine drilling rigs available, but another seven should arrive by June.

"Kuwait Oil Company has experienced unexpected success in the post-capping phase of repairing the wells," says an oil expert. "It has been able to make as many as 60 wells operational in a month, including some that did not require a workover. This suggests that the suspected damage to the reservoirs may not be as bad as had been thought."

Damage caused by millions of gallons of water being pumped onto the blazing wells and oil lakes is one of the most controversial issues about the restoration of Kuwait's oil industry. British Petroleum is said to be conducting a geophysical assessment of the reservoirs and may be given a management contract.

Jasem K. Al Sadoun, of Al Shall Economic Consultants, believes the government is being overhasty in pumping as much oil as possible out of the ground in the shortest possible time. "I think the reservoirs must be given time to rest so that the oil pressure can build up once again," he says. "This may take one year or more." Industry sources say that only 0.5 percent of Kuwait's oil was lost when the wells were set ablaze, leaving more than 100 billion barrels of recoverable oil intact.

It was not until the end of last year that the government and Kuwait Oil Co. agreed to a complete rehabilitation of the 26 oil-gathering centers, the key facilities for collecting oil from individual well heads. Ten of these were so badly damaged by sabotage that they have to be rebuilt. Six have now been repaired, and another 10 should be operational by September.

Industry sources are impressed by the progress as more and more wells start to produce. "I think the number will steadily increase," says a Western oil observer, "and it will not be too long before they bring back the best 300 of their wells. They are also making excellent progress with their collection capacity and are well on their way toward creating excess capacity."

"Things are going far better than expected, but there may be a slight bottleneck ahead on the exporting side," says another oil expert. During the occupation and liberation, the oil-loading facilities at the North and South Piers, together with the massive Sea Island export platform, were badly damaged or destroyed.

The two piers are now back in operation, and some large crude carriers manage to load directly from the North Pier, but draft restrictions make the operation difficult. Kuwait Oil Co. is now going ahead with an alternative method of loading—a single point mooring

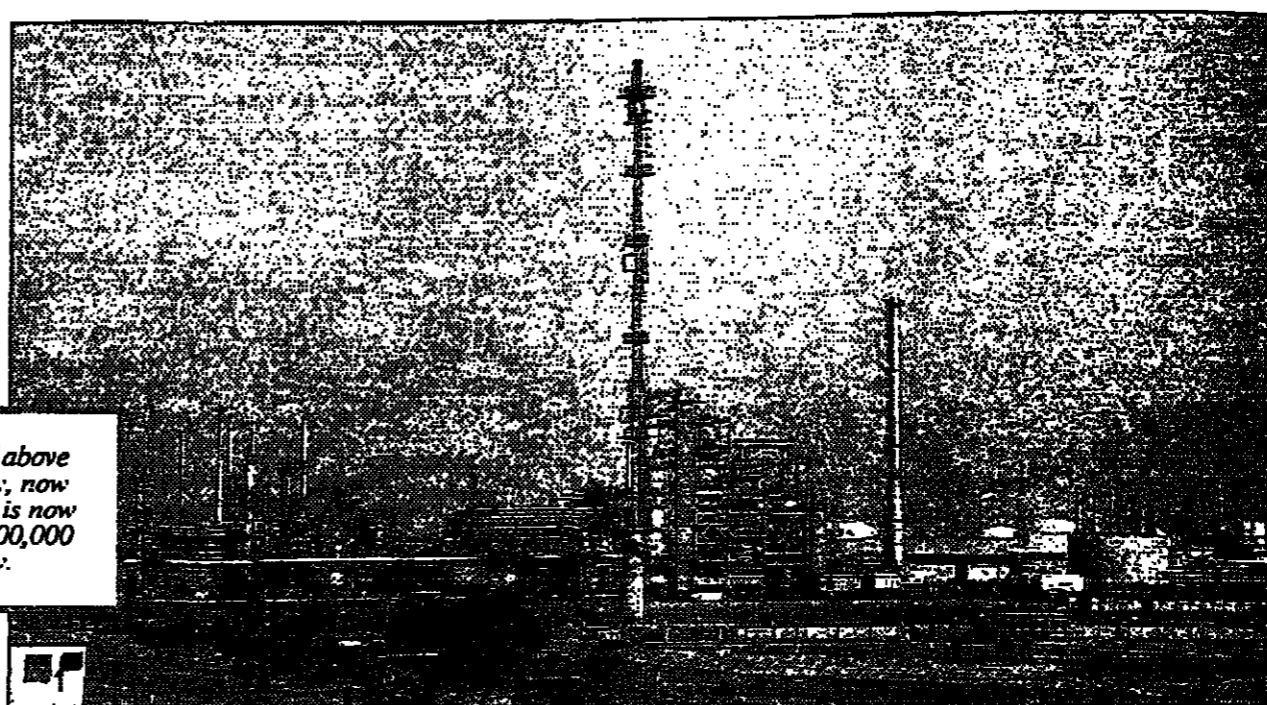
system. This is a giant steel buoy anchored to the sea bed in deep water. A special undersea pipeline is laid from the shore to the buoy, to which the large crude carrier is moored. Once it is safely attached, oil is pumped aboard.

U.S. Bechtel, manager of the recovery program, is now seeking bids for the single-point mooring system, which it hopes will be operational by mid-June. Around 12,000 persons are involved in the project to recover an estimated 40 to 70 million barrels of crude oil from the lakes that cover much of the oil fields.

"We don't really know just how much oil and muck there is in some of these lakes," says one of the project directors. "We have carried out various surveys and aerial photography to try to estimate the volume in each lake, but it varies considerably, depending on the depth."

Already 1.5 million barrels of "weathered" crude have been sucked up and cleaned by one of the five field treatment stations being installed in different parts of the oil-producing areas. A plant at the Al Ahmadi Refinery will be able to treat up to 100,000 barrels a day when fully operational in the near future.

The recovery program is a major logistics operation as well. In order to speed up the movement of men and supplies, Bechtel established an operational base last year



Waste gas is flared off above the Al-Ahmadi refinery, now working again. Kuwait is now producing more than 800,000 barrels of oil a day.

in Dubai's Jebel Ali Free Zone. "This has been absolutely vital to the success of what we are doing," says the project director. Part of the objective was to overcome bureaucracy and visa problems. The expatriate labor force (now about 8,000) has been sponsored by the Jebel Ali Free Zone authority and given Dubai residence permits, which enables them to come and go freely through Kuwait. This allows easier access between Gulf Cooperation

Council member countries. Every day a chartered Boeing 727 makes the return journey from Dubai to Kuwait, ferrying personnel. A Hercules C-130 also makes 20 to 25 flights a month carrying urgent materials and equipment for the project. In addition, there is a weekly shuttle ship carrying heavy goods and supplies to Kuwait from the huge storage site in Jebel Ali.

M.F.

World Banks Rally Round to Offer Help in Reconstruction

The arrival in Kuwait last December of some 200 bankers from 80 institutions scattered around the world showed their confidence in the country's future and marked a decisive stage in its recovery from war and invasion.

The international bankers had come to sign one of the largest syndicated credits ever accorded: a \$5.5 billion megalon to finance defense spending and reconstruction in the emirate. This year, with the government facing a record budget deficit of up to \$18.3 billion, the question being asked is, "Will Kuwait have to borrow again?"

Coordinated by J.P. Morgan of the United States with the support of the National Bank of Kuwait, the lead and co-managers for the \$5.5 billion credit included the New York institutions Citibank, Morgan Guaranty Trust, Chase Manhattan and Chemical Bank and a host of other money center

houses such as Banque Nationale de Paris, Société Générale, Crédit Lyonnais, Banque Paribas and Banque Indosuez from France; Germany's Deutsche Bank, Dresdner Bank and Commerzbank International; Belgium's Generale Bank; ABN-AMRO of the Netherlands; Barclays Bank of Britain; the Royal Bank of Scotland; Austria's Raiffeisen-Zentralbank Oesterreich; Italy's Banco Nazionale del Lavoro and Banca Commerciale Italiana; the Swiss Bank Corp. and the Union Bank of Switzerland; the Bank of Tokyo, Fuji Bank and the Industrial Bank of Japan; the Hong Kong & Shanghai Banking Corp.; Canada's Bank of Nova Scotia; and

Arab institutions such as the Arab Banking Corp. and Gulf International Bank of Bahrain.

The fact that altogether they agreed to provide a total of \$7.9 billion for the five-year credit, despite fine pricing at 0.5 percent above the London interbank offered rate, was seen as a vote of confidence in the country's future, a move that prompted the Kuwaiti authorities to raise their mandate to the banks from the \$5 billion originally sought.

In March, the Central Bank governor, Sheikh Salem Abdulaziz al-Sabah, appeared to quash speculation that the government might return to the markets for another big loan. "I do not feel there is a

necessity to finance the deficit through foreign borrowing," he said.

Bankers and economists both inside and outside the emirate, however, have confirmed that while another large syndicated credit may not be in the offing, the Finance Ministry may seek to expand its reliance on export credits to fund imports of industrial and consumer goods and military equipment.

Abdullah A. Gabandi, managing director of the Kuwait Investment Authority, explains, "I don't think we shall be going to the international markets for a straight loan. We are going to concentrate on using up our existing lines of export credits, which amount to some \$6 billion."

A decree announced in July allows the government to borrow a total of \$34.5 billion to finance reconstruction. Plans to

launch new government bonds in the domestic market are also being drawn up to help fund a multibillion-dollar settlement program aimed at clearing up the huge bad debts accumulated by local banks.

In the past few months, the Kuwait Investment Authority, the arm of the Finance Ministry that handles the country's overseas assets and loans, has signed several major export credit agreements with the emirate's main suppliers. The first deal, arranged with the Export-Import Bank of the United States in September, gives Kuwait access to \$2 billion worth of credits. A similar package, worth \$500 million, was agreed with Canada's Export Development Corp. the same month, followed by an accord for \$600 million with the Netherlands, to be arranged by ABN-AMRO Bank.

In November, another credit facility, valued at \$1 billion, was signed with the Export-Import Bank of Japan. Since then, Britain's Export Credit Department has provided another \$700 million, with an additional \$550 million coming from France's COFACE. Germany's export credit agency, Hermes, is also expected to agree a large credit scheme this year.

The question bankers are asking is whether all this credit will be enough. The current budget projects revenues for the fiscal year ending on June 30 of only \$3 billion, including about \$2.4 billion from exports of crude oil, as against expenditure of \$21.3 billion. While rising oil production in fiscal 1992-93 is expected to produce earnings of some \$6.9 billion, a shortfall of at least \$3 billion is still forecast.

Pamela Ann Smith

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. Michael Frenchman is a London-based journalist who travels frequently in the Middle East. Pamela Ann Smith is a London-based writer and consultant on the Middle East.

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ADVERTISING SECTION

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Proposed Mergers Expected to Pave Way for Bank Expansion

Kuwait's banks and financial institutions are bracing themselves for a difficult year that should pave the way for prosperity in the future.

During the year following the end of the Gulf war, the banking sector was virtually paralyzed by nonperforming debt, a crucial shortage of staff and the loss of many of its foreign and domestic assets. Approval of a major debt settlement program, however, has raised hopes that a restructuring of the sector can now proceed, a necessary move if the country's economy is to recover fully.

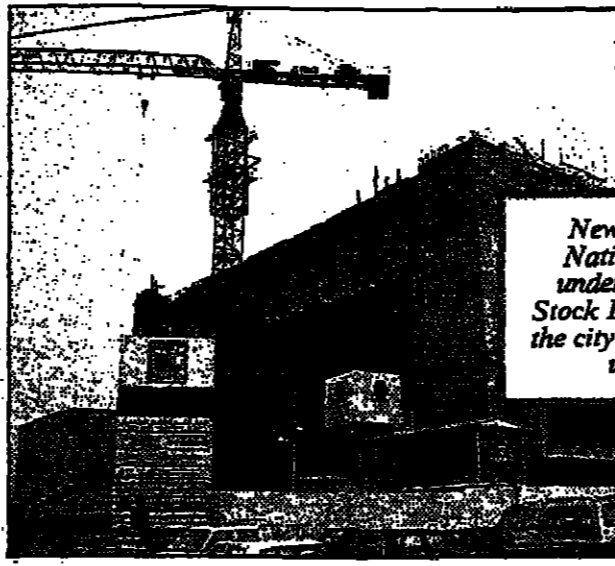
The program, first launched in September, was passed by the National Council at the end of March after receiving the approval of the cabinet in December. Under the terms of the plan, the government would buy the entire loan portfolio of the emirate's 11 commercial and investment banks after allowances for provisions. Banks would receive government bonds equivalent to the face value of their bad debts. Debtors would be required to repay amounts outstanding to the government over a 20-year period, interest free, with a five-year grace period. Once the settlement of debt is completed, banks would then be free to publish unqualified balance sheets for the two years ending in December 1991, following approval by the Central Bank.

Finance Minister Nasser al-Rodhan told the National Council that the total cost of the program should not exceed 7 billion Kuwaiti dinars (\$24 billion). About 7,000 debtors are thought to be involved, including some 1,200 who failed to honor obligations arising from the collapse of the unofficial stock market, the Suq al-Manakh, in 1982.

The government will pay interest on the bonds at annual rates to be fixed in accordance with the cost of local funds, and the yearly cash cost to the government is expected to be no more than 420 million dinars after deductions are made for repayments, debtors' collateral and the depreciation of the total sum due.

In addition, the Central Bank will be able to end the guarantees on shareholders funds it has provided since the stock-market crash, although deposits will still be secured. Although the plan has been criticized for its inclusion of the stock-market debtors along with those who lost their assets during the Iraqi occupation and because it is feared that some debtors could hide their remaining funds abroad to avoid repayment, bankers in general have welcomed the action.

"Time is money here," says Abdullah A. Gabandi,



New headquarters for the National Bank of Kuwait, under construction near the Stock Exchange. This is part of the city center development held up by the invasion.

clean up our institutions in Kuwait," the governor of the Central Bank, Sheikh Salem Abdulaziz al-Sabah, said in March. "I am sure that we are overbanked here, even with investment companies." His organization, he added, is looking at the geographical distribution of Kuwaiti banks, both at home and abroad, to ensure that they can meet international capital adequacy ratios.

Once the process gets under way, observers expect those institutions with government participation to be the first to join forces. Although little published information is available, both Burgan Bank and the Bank of Kuwait and the Middle East are reported to have substantial government shareholdings, along with two of the big investment banks — the Kuwait Foreign Trading, Contracting and Investment Company, which is wholly state-owned, and the Kuwait Investment Company, which is 50 percent state-owned.

Despite the difficulties ahead, however, two Kuwaiti financial institutions have impressed foreign markets with their resilience and performance during the crisis of the occupation and of the war. The National Bank of Kuwait, which continued to operate abroad throughout the traumatic months after the Iraqi invasion, took a leading role in raising the \$5.5 billion syndicated loan for

managing director of the Kuwait Investment Authority, adding that the settlement program has been awaited for a year. "During that period nothing at all has been done. With the settlement, people will become more relaxed." More immediately, however, approval of the plan is expected to pave the way for a series of long-awaited mergers among the financial institutions. "We have to

A Revived KAC Orders 15 Airbus

... years ago, a Handley Page Hermes aircraft crashed down on a desert air strip outside the walls of Kuwait City. It was the start of commercial aviation in the emirate. But it was not until 1954 that its first airline was formed — Kuwait National Airways Co., later to become Kuwait Airways Corp.

... years ago, KAC began to begin its reconstruction after the loss of its fleet and assets during the conflict. The airline has signed a letter of intent to purchase 15 Airbus A-310s and three Boeing 747-400s in a package worth more than \$1 billion. The first Airbus is expected to be delivered this year.

KAC presently has a fleet of 15 Boeing and Airbus

jets and will retrieve six Airbus A-310s that were flown to Iran during the conflict. "We have just inspected the aircraft. Four A-310s are ready to leave and another two will need some minor to medium repairs," says Ahmed F. Al-Zabir, KAC's director general. "We will be sending them back to France for further checks and overhauls before putting them into service again."

KAC was fortunate to have had several highly profitable years before the Iraqi invasion, when it had a fleet of 22 aircraft. It has now prepared its accounts for the last two fiscal years, which are said to be encouraging in spite of the war. Its last published accounts, for 1989, showed a profit of more than \$429 million.

"In fact, we shall show an operational surplus, as we



the government in December and expects to publish its annual report by the end of April.

"I think we have built up one of the best banking operations in the Middle East in spite of all the recent events," says a senior official at the bank's headquarters in Kuwait. "There are, of course, some scars left on the organization. We may have lost about 700 of the 1,700 employees we had before the invasion."

As a sign of its optimism, NBK is going ahead with plans to open a branch in the Far East, in addition to a subsidiary in Frankfurt. While the bank expects a slight downturn in assets as a result of the occupation when its accounts are published, profitability is reported to have increased.

The United Bank of Kuwait, a London-based consortium, recorded a remarkable 82 percent rise in pretax profits last year, to \$18 million, despite a 12 percent fall in its balance sheet to just over \$3 billion. "A good start has been made in 1992, and I expect the results for this year to exceed those for 1991," says its chairman, Fahad Mazaid Al-Rajaan.

P.A.S.

did quite well even with the loss of many of our aircraft," says Mr. Al-Zabir.

KAC's profits have been boosted by its role in carrying men and equipment for Operations Desert Shield and Desert Storm, as well as the thousands of returning Kuwaiti passengers following liberation last year. Mr. Al-Zabir reckons about 1 million persons flew with KAC.

"We have created a very good financial position, and the plans for restructuring the company and expanding its operations will not be jeopardized," says Mr. Al-Zabir. KAC still lacks maintenance facilities (these are being rebuilt) and a reservation system (it is currently sharing one with Aer Lingus). It hopes to have its own data base and reservation system going by the end of the year.

M.F.

Long-Term Contracts Follow Emergency Repairs

Now that the emergency reconstruction program has been completed, there is a lull in construction, but activity is expected to pick up quickly.

The budget, approved by the Emir at the beginning of April, envisages an expenditure of more than \$21 billion for the period ending next July. Some \$12 billion is said to be earmarked for the civil sector.

According to Yousuf M. Al-Hajri, assistant undersecretary at the Ministry of Electricity and Water, total power was restored to the emirate at the end of March. "We repaired most of the damage to infrastructure within a couple of months of the liberation," says Mr. Al-Hajri. "Now we have a

uncertainty about the state of several contracts awarded before the invasion. The Subiya power station is the largest project being reassessed. Work was originally estimated to cost around \$1 billion in total. Mitsubishi Heavy Industries had quoted for the boiler and turbine units, and local contractor Al Kharafi had signed up to install fuel tanks and ancillary equipment. Mitsubishi also had a \$34 million contract for work on the Al Zour South station, and Reggiane Officine Meccaniche Italiane had agreed to a \$27 million order for the Doha West station.

"Now we are renegotiating many of these contracts, and we hope to finalize some of them before the end of April," says the ministry.

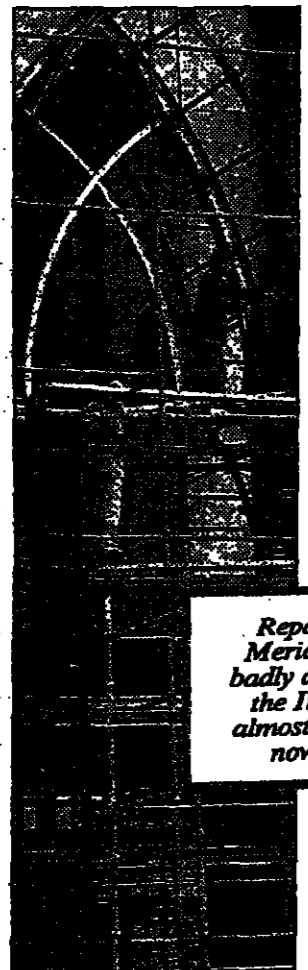
"What was good for 1993 may not be good for later on," says Mr. Al-Hajri. "We have to look at the needs up to the year 2000. This does not mean we are canceling contracts but that we are reassessing our demands as it takes some six to seven years to commission plants on the scale we are envisaging."

Permanent repairs to the water system are now being carried out, and a

complete assessment of Kuwait's future water demands and damage to the aquifers is being carried out by the Kuwait Institute for Scientific Research. Kuwait has a dual water system — brackish and potable. Official estimates say that it will take another two years to restore all the pumping stations to full operation.

"We are having problems with the supply of brackish water due to the damage caused by the fires and the amount of munitions and mines. But we hope these will have been cleared by the end of the summer," says Sand Al-Nasser, assistant undersecretary for water.

Wells are now having to be drilled to depths of between 800 and 2,000 feet to reach supplies of brackish water. The desalination plants are now producing



Repairs under way at the Meridien Hotel, which was badly damaged by fire during the Iraqi occupation. Like almost all Kuwait hotels, it is now back in operation.

temporary capacity to generate 6,800 megawatts, compared with only 4,400 megawatts in the month before the invasion in 1990. Peak demand last summer was 2,760 megawatts.

Out of the 300 damaged substations, 276 have been repaired and all transmission lines temporarily restored. Blount of the United States is expected to win the contract to install new overhead power lines. More than 20,000 kilometers of single conductor lines were damaged, and the first tenders to replace 1,000 kilometers of them are being sought.

There is considerable

complete assessment of Kuwait's future water demands and damage to the aquifers is being carried out by the Kuwait Institute for Scientific Research. Kuwait has a dual water system — brackish and potable. Official estimates say that it will take another two years to restore all the pumping stations to full operation.

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ADVERTISING SECTION

Sorting Out Claims for Damages

One of the most impressive high-tech operations under way in Kuwait at present is being carried out by the Public Authority for the Assessment of Compensation for Damage Resulting from Iraqi Aggression, known as PAC.

Using the latest computer technology, including optical scanners, PAC is processing more than 5,000 claim forms from Kuwaiti citizens seeking compensation from Iraq. This is only the first stage of an operation in which total claims from individuals and the Kuwaiti government are expected to exceed \$140 billion.

According to Dr. Adel Oman Asem, general director of PAC, who has set up his operational headquarters in the Kuwait Stock Exchange, a thorough vetting procedure of all claims is being carried out by PAC's staff of more than 400. PAC was set up in conjunction with local accountants Masoud & Co. and KPMG (Klynveld Peat Marwick Goerdeler) and two international law firms, Cleary Gottlieb Steen and Hamilton of the United States, and Clifford Chance of Britain.

"We hope that the expertise of the firms involved will help to guarantee the veracity of the claims," says Dr. Asem. "We are trying to simplify the work as much as possible and make sure that everything is authentic and according to United Nations' guidelines before taking the claims to the UN."

Claims forms were issued by special PAC branch offices set up in different parts of Kuwait at the end of February. Within four weeks, more than 5,000 forms were returned for processing.

The first phase in the claims procedures involves three categories: losses of those forced to flee the country, compensation for death or serious injury, and personal and small-business losses.

The largest number of claims — some 4,000, totaling between \$10 million

and \$20 million — comes under the third category, which includes damage to personal property, loss of motor vehicles and damage to real estate, apartments and homes. None of these claims can exceed \$100,000.

At the end of March, about 1,000 claims totaling \$5 million had been received for the first category. Only a very few are in the category dealing with death or injury.

The largest number and highest value claims are expected when the next two categories of claim forms are released: These are for private business losses exceeding \$100,000 and for commercial losses. Claimants will have up to one year to submit their claims to PAC.

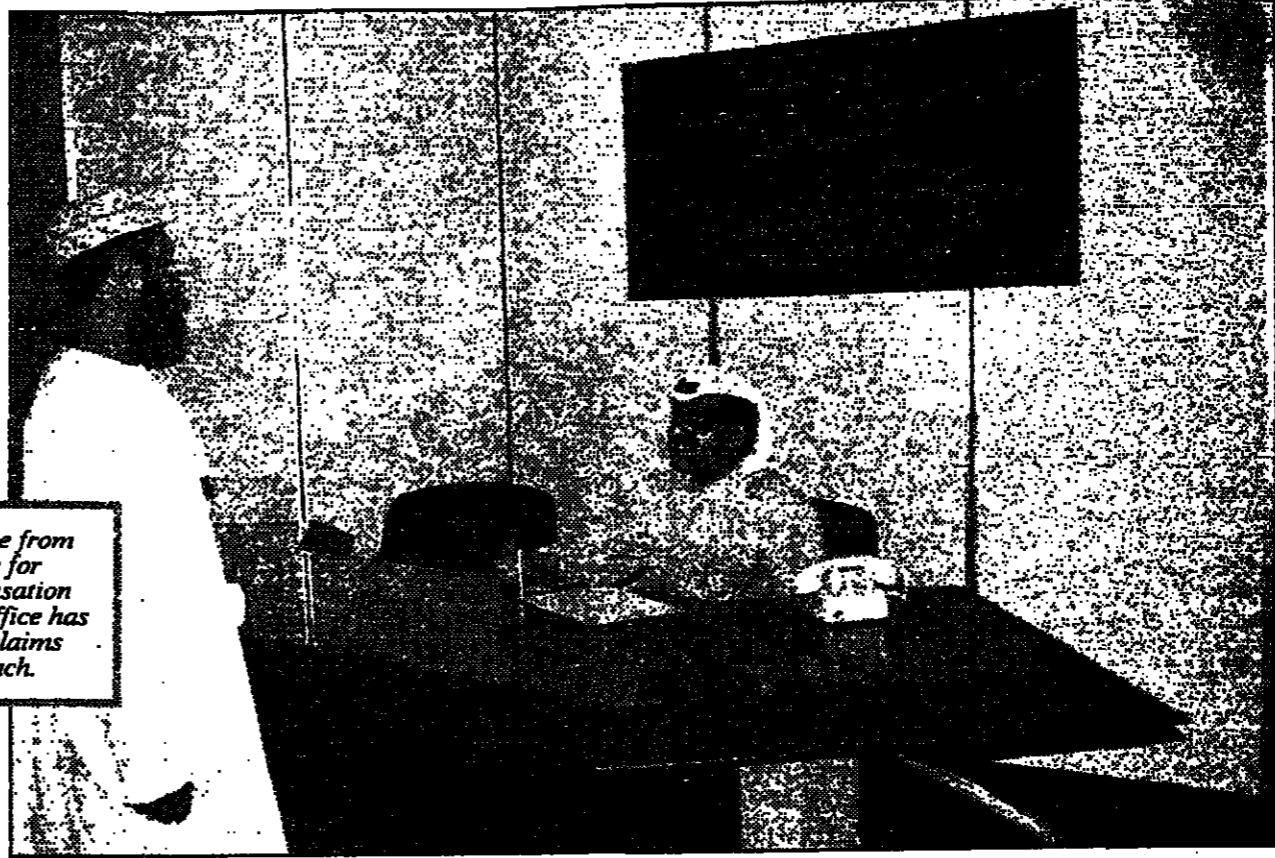
Dr. Asem expects commercial claims to be substantial. "There was an awful lot of damage to business premises and

stocks — not less than \$10 billion to \$15 billion," he says. "Finally we shall be dealing with all the government claims for buildings and environmental damage, which is likely to take longer than the allotted time scale of one year."

A claimant seeks advice from the Public Authority for Assessment of Compensation for war damages. The office has received about 5,000 claims of up to \$100,000 each.

Dr. Asem adds that by far the largest claims will come from the government sector. "We believe that the oil sector alone will be claiming some \$45 billion and damage to buildings will be in excess of \$30 billion. Other claims could bring the total to \$100 billion."

The evidence suggests



that processing the claims is going to take considerable time, possibly a number of years, before they are even submitted to the UN for settlement, and

that again will take a long time. No one is prepared to say just how long it is likely to be before any payments are made.

PAC is following strict vetting procedures with different levels of quality control for the first batch of claims now being processed. "It is a learning curve for all of us," says Dr. Asem, adding that a special effort has been made to show claimants how to fill in and submit the forms. There will be selective sampling, and field investigators will verify the accuracy of claims. "We already have some background historical

data based on individual household surveys from the past, which help with many individual claims," explains Dr. Asem. "We also know the average expenses, losses and profits in the case of small businesses. We have information from banks and accountants as many records were not destroyed and have been saved."

Masoud Sorkhou, managing partner with Masoud & Co., a member firm of KPMG, believes there will be "some bargaining" to sort out any exaggeration in the claims. "Had we been a European country with income tax

and VAT there would have been plenty of records to draw upon," he says.

Kuwaiti citizens with government identification card registration numbers are allowed to submit claims directly. Foreign nationals have to submit claims through their embassies in Kuwait, using the same procedures and forms in most cases. Dr. Asem believes that PAC may be asked to take on the task of acting on behalf of some foreign claimants. It is already claiming on behalf of the 30,000 or so Saudi Arabians living in Kuwait. M.F.

'Offset' Programs Part of Reconstruction Strategy

Both the public and private sectors in Kuwait are being urged to take part in a possible \$40 billion "offset" program over the next five to 10 years.

In offset programs, a foreign supplier uses part or all of the value of a contract in a joint venture with a third party. This could be a new factory, participation in the services sector or just a trading transaction — none of which would have to be in Kuwait.

The idea is being promoted by Kuwait International Investment Company and the Bank of America, which strongly believe that offset is one of the paths Kuwait should follow as part of its reconstruction strategy.

Most offset agreements in the Middle East have been linked to military sales and the transfer of

foreign technology, such as in U.S. and British offset programs in Saudi Arabia, but Kuwait is adopting a different approach. It wants civilian contractors and suppliers to become involved in offset as part of the deal for accepting some of the major rebuilding contracts in the emirate.

The offset principle has the blessing of the Emir and many top government officials. "I hope that the offset idea will soon be endorsed by the Council of Ministers," says Jassim M. Al-Bahar, chairman of Kuwait International Investment Company, who first became interested in offset while in exile during

the Iraqi occupation of Kuwait.

"We were looking for new ideas and a fresh approach to help get the economy moving," says Mr. Al-Bahar. "We had discussions with Bank of America about trade finance, counter trade and the prospects for offset. I think the offset concept can be used as a tool to assist in rebuilding our country by tying together the importer and exporter in a trading transaction that will be of mutual benefit."

"The offset could take place in a third country and, indeed, this might be the preferred choice in some cases," adds Mr. Al-

Bahar. "I am prepared to fight tooth and nail to get offset started in this country. We are offering the foreign companies a head start in doing further business here if they follow the offset lead."

He sees KIIC's role as a matchmaker in any proposal, but it would also take some form of equity participation if a manufacturing or similar venture were involved. Since the invasion, KIIC has been restructuring itself, and in spite of the problems, managed an investment portfolio of more than \$1 billion, together with various funds of its own totaling some \$300 million.

Mr. Al-Bahar believes KIIC's expertise could be used to good effect in an offset program. "You have to remember that we are

traders here in Kuwait," he says. "We are not going to waste our time and money on anything that is not likely to be profitable."

The Kuwait Investment Authority has already suggested that KIIC look at aircraft purchase as a possible offset program. It has presented a proposal to Kuwait Airways Corp. to use offset to buy more than \$1 billion worth of new Boeing jets.

With the current discussion about privatizing much of the public sector in the country, Mr. Al-Bahar believes such a policy presents golden opportunities for offset. "There is practically no limit," he says, pointing out that privatization may affect telecommunications (a study is being undertaken now), ports and cargo handling, health services and hospitals, electricity and water and several other public services.

M.F.

Country Back in Business

Continued from Page 9

tor of Kuwait Petroleum Corp. At the end of March, the corporation's production was in excess of 625,000 barrels of crude oil a day, plus production from the Neutral Zone, which is shared with Saudi Arabia.

This brought the month's total to more than 800,000 barrels a day. "We have every hope of reaching our target of 1.5 million barrels a day by the end of the year," adds Mr. Sultan, who believes that

this will confound many of the world's oil-watching doubting Thomases.

Kuwait is already refining more than 240,000 barrels a day at one of its own restored refineries. Surpluses are being exported. Last month, Kuwait proudly announced its first shipment of liquefied petroleum gas to Japan in a much-publicized ceremony at Al-Ahmad, Kuwait's oil town.

Now that there is a constantly increasing oil flow, much-needed revenue will begin to accrue, lightening

the burden on the government's finances. From being one of the wealthiest nations in the Gulf two years ago, Kuwait has had to suffer the humiliation of borrowing \$5.5 billion from the international financial community.

"We shall not do this again," says Sheikh Salem Abdulaziz al-Sabah, governor of the Central Bank. "Instead, we shall rely more on our existing lines of export credits, which amount to some \$6 billion."

Michael Frenchman

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ADVERTISING SECTION

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Finding the Skills Kuwait Needs

Kuwait is now recovering from the immense damage to human and physical resources that it experienced during the Iraqi occupation.

Some three-quarters of the population was dispersed, including hundreds of thousands of expatriate staff and immigrant workers. Replacing them, training a new generation of Kuwaitis and finding ways to exploit labor-saving technology are essential aims if the country is to be rebuilt.

Speaking to a conference in London last October, the governor of the Central Bank, Sheikh Salem Abdulaziz al-Sabah, outlined the government's policy in this regard. "Our aspirations," he said, "are reflected in a high-value-added strategy that seeks to reduce the pre-invasion population imbalance, reduce the built-in instability of the Kuwaiti economy and utilize the potential strengths of the economy."

The first concern is that by relying on foreign labor, which provided more than 90 percent of the work force in the private sector, Kuwait left itself vulnerable to a loss of

skills that has prevented a full restoration of economic output, as well as a sharp diminution in the quality and quantity of essential social services.

Vital institutions such as the Kuwait Institute for Scientific Research, Kuwait University and the Public Authority for Applied Education and Training are now concentrating their efforts on replenishing their staff as well as their physical resources, equipment and libraries.

Recruitment of foreign academics, scientists, teachers and technicians is difficult, however, given the government's emphasis on keeping the overall population down to about 1.5 million — compared with a prewar level of 2.2 million. Directives limit the percentage of expatriates that can be rehired in the public sector to about 35 percent of total manpower, and other measures aim at curbing the growth of non-Kuwaiti dependents.



Getting things going again: The Kuwaiti merchant owner of a fishing dhow looks on as a mechanic overhauls its diesel engine.

As a result, the authorities are being urged to speed up measures to educate and train Kuwaitis, women as well as men, so that they can play a key role in fulfilling middle-class vacancies and in staffing government ministries. The task, as the U.S.-trained director-gen-

eral of the Public Authority of Applied Education and Training, Dr. Abdulrahman Al-Muhailan, noted when he returned to his offices last spring, is daunting. "Everything was stolen or damaged," he explained, "down to the door handles, electrical fittings and toilets. Our 15 libraries

were sacked, and years of research were lost."

To help replace the 1,800 teachers, administrative and technical staff employed by the authority before the war, it has launched recruitment drives in the United States, Canada, Britain, Germany, Egypt and Kuwait it-

self. Foreign advisors from institutions such as the British Council are conducting studies covering teacher-training, the development of the curriculum and the needs of the labor market. Others, from the United States and Canada, are providing assistance in areas such as training Kuwaitis in automotive repair work, health services, commerce and administration.

Foreign firms are also heavily involved in the provision of equipment for training. One U.S. firm, Edusystems, has won a contract worth \$18.7 million to provide simulators, lathes, welding equipment and electronic instruments



electronics, chemical engineering, telecommunications and metal working. The rebuilding and repair of the authority's 17 technical colleges are being handled by another U.S. concern, J.A. Jones Construction. The British Education Consortium for Kuwait, which includes the British Council, is advising the Ministry of Education on the re-equipping of primary and secondary schools, as well as assisting in measures to increase the scope of English-language teaching.

Another British firm, KMPG Peat Marwick, has made recommendations on the development of training programs for the banking and financial sector, an area where Kuwait could play a leading role internationally by 2000.

"The real opportunity," comments Michael Rake, a KMPG Peat Marwick partner, "is for the private sector to work closely with the government to come up with an effective plan for the development of nationals — their effective training, support and recognition."

But planning for such development, he feels, should be done without setting minimum quotas for nationals or a maximum quota for expatriates.

"There is a need to take time, perhaps five or 10 years, to develop not only an organization and technical knowledge, but a culture within the organization which becomes well respected within Kuwait and regionally."

P.A.S.

Foreign Workers Face Tougher Visa Restrictions

The government of Kuwait is determined to make Kuwaitis more self-reliant.

In the past, the emirate has been highly dependent on foreign labor and imported goods and services, and the government plans to redress the balance.

The result is expected to be sweeping changes in the country's legal system that will affect expatriates, suppliers and investors.

One of the thorniest items on the agenda concerns the issue of visas and resident permits. As widely expected after the Iraqi invasion, the authorities are planning to allow a population of no more than 1.5 million, compared with a prewar figure of about 2.2 million. Plans to reduce the population had already been under consideration before the invasion. The aim is to make Kuwaitis a majority in their own country, in contrast to the situation since the 1960s.

To limit foreigners to no more than 40 percent of the population, the government is enforcing strict regulations regarding the employment of foreign staff and is changing for-

igners' conditions of residency. Government departments have been given severe limits on how many expatriate managers, technicians and professionals they can employ, while private sector requests for skilled and unskilled labor are regularly delayed or reduced.

Abdul Aziz Al-Zaban, undersecretary of the Civil Service Commission, said recently that non-Kuwaiti government employees would not be given contracts providing for periodical salary reviews, increments and promotions.

Only certain state-owned firms, such as Kuwait Airways, the Kuwait News Agency and the Kuwait Oil Corp., would be allowed to provide paid accommodation for foreign workers.

Expatriate staff are also being subjected to new rules about their families. In March, the state minister for cabinet affairs, Dhari Al-Othman, told

the National Council that the government is planning to amend visa regulations concerning dependents, although he did not elaborate. In January, the Interior Ministry issued new rules for foreign staff already in the country, under which only those earning a minimum monthly salary of 450 Kuwait dinars (\$1,575) from the government (or 650 dinars in the private sector)

expected to be granted, however, because of the acute shortage of professional staff in the country, particularly in such areas as education and health, the oil sector and utilities.

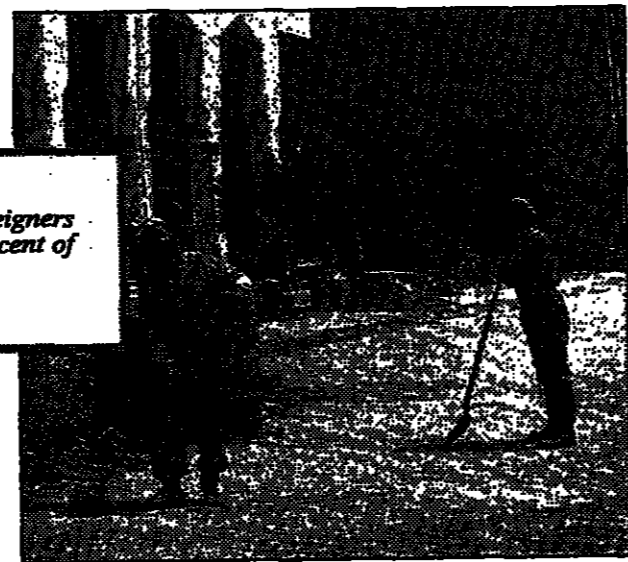
In February, draft revisions of the country's commercial agency law were also being circulated by the authorities. The original code, Law No. 36 of 1964, requires the registration of agency agreements

Lawyers say the proposed changes would encourage more exclusive agency and distributor agreements, a move that is seen by some as part of the government policy of providing more opportunities for Kuwaitis.

The revisions were followed in March by a move by the Defense Ministry to require the use of local agents for the purchase of military weaponry, equipment and spare parts. The ministry was quoted as saying that "transactions shall not be acceptable with any company unless it has a Kuwaiti agent authorized in the State of Kuwait," according to the Washington-based monthly, Middle East Executive Reports.

Defense contractors and Western diplomats in the country, however, say that suppliers will still be able to have direct access to government buyers under certain conditions. Since 1972, all contracts for military-related goods and services have had to be arranged directly between the exporter and the government department involved, a ruling that has been interpreted as an attempt to prevent undue influence and the payment of excessive commissions.

P.A.S.



The goal is to limit foreigners to no more than 40 percent of the population.

Only certain state-owned firms, such as Kuwait Airways, the Kuwait News Agency and the Kuwait Oil Corp., would be allowed to provide paid accommodation for foreign workers.

would be allowed to bring in dependents.

Charges for visas and other fees were also raised, up to 200 dinars per person. Some exceptions are

with the Commerce Ministry, covers licensing arrangements and stipulates procedures for terminating an agreement and settling disputes.

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A Hundred Ships a Month Calling at Reopened Ports

Only the barnacle-covered, upturned hulks of two tugboats straddling part of the dockside like stranded turtles give a hint of what the port of Shuwaikh went through when the retreating Iraqis blew the place apart in February 1991.

"Now everything is working again — we are almost full to capacity," says Captain Abdul-Rahman Nibari, director of Kuwait Ports Public Authority, who was about to leave for a visit to Japan to spread the message to Japanese shippers that Kuwait ports were once again safe and open for business.

Only some of the quayside offices and the nine-story blue glass Port Authority building, which sustained heavy rocket damage, still carry the scars of war.

Now more than 100 ships a month are calling at Kuwait ports. They represent many of the best-known shipping lines — Maersk, P&O, UASC, Evergreen, NYK, Messina and Norasia. On a recent Friday morning, Shuwaikh was abuzz with activity as a special carrying vessel with a capacity of more than 4,000 vehicles unloaded Buick limousines down a ramp; nearby a smaller vessel from Iran was unloading

Mercedes trucks carrying Made in Iran stickers; steel oil pipes from Germany were being stacked ready to be trucked out to the wellsites. More than 55 vessels are using the port each month and discharging an average of 85,000 metric tons of cargo.

Kuwait has two general-purpose ports: Shuwaikh in the industrial area of the city and Shuaiba near the oil center of Al Ahmadi. In addition, there are the specialized oil-loading jetties, the South and North Piers, both of which were damaged. The major oil-loading facility at Sea Island, a man-made steel structure 10 kilometers (6 miles) offshore, was totally destroyed.

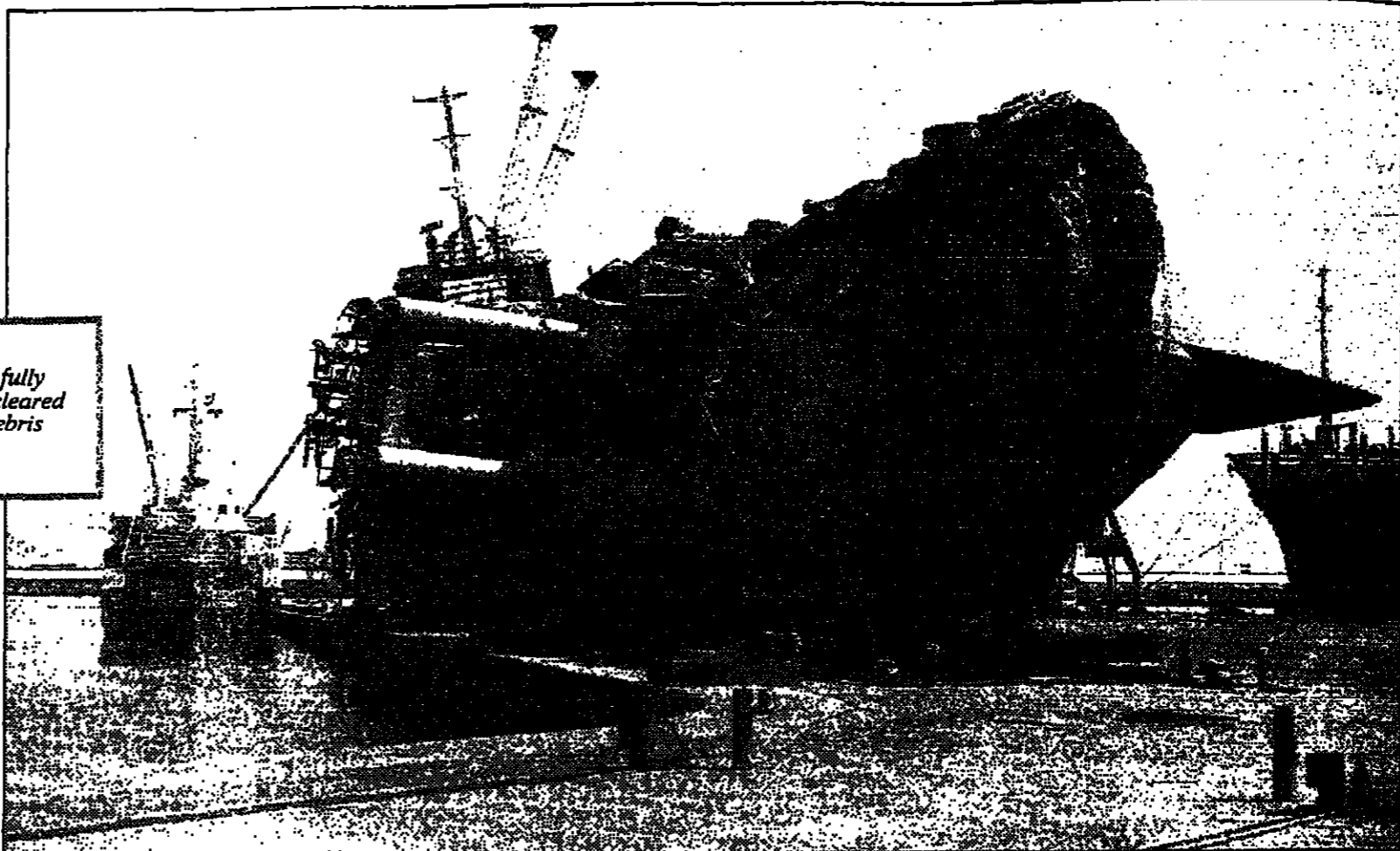
"Since the liberation, we have been constantly working to bring our ports back to what they were," says Captain Nibari. "Shipping lanes have been cleared of mines and obstructions. Damaged handling equipment has been replaced or repaired and

Shuwaikh port is now fully operational after being cleared of wrecks and other debris of war.

Shuaiba has in fact been operational since March 31 last year. Now it is going 100 percent, with three container-handling cranes of 41 ton capacity, 10 straddle carriers and a variety of container-stacking equipment."

Between March 12, 1991 and the end of the year, 478 vessels called at Shuaiba, discharging 606,493 tons of general cargo. Shuwaikh has been operating since last August and has been cleared of a huge amount of ordnance and sunken vessels. It can now take conventional, ro-ro and container vessels.

"We have ordered two container-handling gantry cranes from Italy, and in the meantime we have



bought two large mobile cranes to help speed up the discharge of containers in Shuwaikh," says Captain Nibari.

By the end of 1991, more than \$14 million had been spent on getting the ports operational, and up to another \$16 million will

be spent on further improvements. Captain Nibari has now commissioned a study from European Container Terminals of Rotterdam to look at the feasibility of a free port.

"I feel that if we are going to have to have a

modern free zone we shall need a modern port to go with it. Until we have made a decision about this, I don't think we should spend more money on our existing facilities," says Captain Nibari.

One of the options is to create a free trade zone on

the strategically placed Bubiyan Island, just off the coast of Kuwait and close to Iraqi territory. "We would link it to neighboring countries on road and rail by building new causeways," says Captain Nibari.

He believes it could be-

come an important transit point for goods traveling to and from Europe. He adds: "The free zone would have international protection and be completely independent of Kuwaiti customs regulations."

M.F.

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Freedom Comes at a Price for New Entrepreneurs

Following its liberation, Kuwait entered a new era, the age of the entrepreneur. With government back pay and emergency compensation for Kuwaiti citizens and grants for new housing, many people were flush with capital and began importing goods on an unprecedented scale.

Many of the new entrepreneurs had little or no experience in business. Some have made fortunes in meeting the sudden demand for consumer goods, but others have not done

so well and are overstocked with unsalable goods. Prices have rocketed to as much as four times pre-invasion levels, causing dismay among consumers and established traders.

Throughout the city and especially alongside the Fourth Ring Road, dozens of car lots and small retail outlets have sprung up to replace many of the ransacked commercial centers in the city, which have not yet been refurbished. Freedom from customs restrictions, a temporary measure that was to have ended on March 31, has now been extended indefinitely.

"We had a tremendous boom period after the liberation," says an executive at the Kuwait Chamber of Commerce and Industry, "but now things are returning to normal."

The main factor influencing the development of the consumer market is the change in population, as pointed out by the economics department of the National Bank of Kuwait. The market "has experienced a drastic change due to the drop in population as well as the change in mix," says the bank. In mid-1990, the population

was 2,142,600 and, according to the Public Authority for Civil Information, 73 percent of the total population was non-Kuwaiti (some 440,000 were Palestinians, most of whom have fled the country).

Today the population is estimated at 1,100,000, of which some 600,000 are Kuwaiti citizens. The remainder is composed of expatriates mainly from the Asian subcontinent and the Far East, together with a growing number of Egyptians. The expatriates represent many unskilled or semi-skilled workers with much lower spending power than the well-paid Palestinian middle class enjoyed.

While at first sight the revived consumer market may have lost its shine, the

grams have yet been taken.

Nevertheless, some of the leading merchants are looking on the bright side. Two auto agents, Al-Sayer (Toyota) and Al Bisher and Al Kazemi (Mercedes) are estimated to have brought around 100,000 vehicles into the country since liberation.

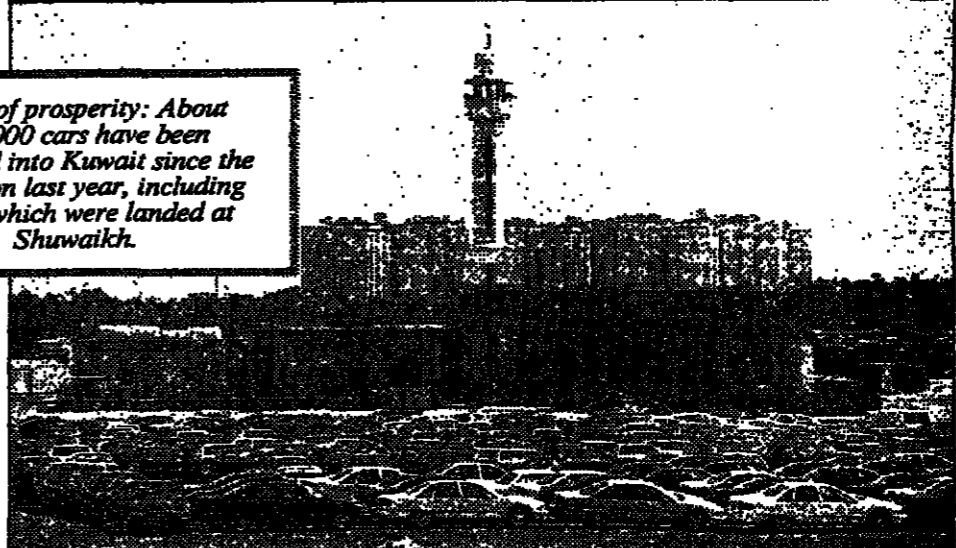
"There is still a lot of business to be done," says Anwar Al Mulla, whose company Al Mulla represents such big names as Chrysler, Mitsubishi Westinghouse, Sharp, OKI and Minolta and is one of the largest car importers. "but I think the government may have to step in to help the smaller merchant. However, I think the big, established merchants are back on their feet."

thriving." Al-Sayer is a mixed trading conglomerate with a wide range of interests, including food processing, soft drinks, animal feeds, computers, office supplies, travel and printing.

It was one of the first auto companies to start up after liberation. "We flew a chartered Boeing 727 in from Dubai full of auto spares and engineers to get things moving again," says the Al-Sayer executive.

Most merchants are biding their time, waiting for the public and private construction sector to get going, but most observers believe this will not be until after the elections in October. When this happens, there should be a substantial spin-off for smaller contractors and suppliers

M.F.



Signs of prosperity: About 100,000 cars have been imported into Kuwait since the liberation last year, including these, which were landed at Shuwaikh.

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MEDIA MARKETS

Americans Hit the Road
And Travel Ads Take Off

By Deirdre Carmody
New York Times Service

NEW YORK — Yearning to put the recession behind them, Americans are once again making plans to hit the road—and the seas and the rails and the skies. To the relief of the magazine industry, travel advertising is finally beginning to take off.

"People are traveling. I'm hearing it everywhere," said Linda C. Cherry, advertising director for Traveler, a National Geographic monthly magazine. She said she expected ad pages to be up 20 percent over last year through the July-August issue, which closes next week.

Not only is travel advertising on the increase, so are the kinds of publications competing for it.

"We are up about 25 percent in travel, cruises, cruise lines, destinations and hotels," Mr. Florio said. "Business travel is back. Vacation travel is back. Even European destinations are beginning to advertise again."

Travel was severely depressed by the Gulf war. Fears of war-impacted terrorist attacks, combined with the recession and the declining dollar, kept many Americans at home last year.

But now, amid muted signs of an economic recovery, not only is travel advertising on the increase, but so are the kinds of publications competing for it.

General-interest magazines are finding tourism and travel a very desirable category for their readers.

IG, for instance, is about to come out with a bimonthly travel newsletter that will discuss such topics as the design of cruise ships and airline seats, English country estates and distant resorts.

"A lot of people are seeing that the travel category is a very strong magazine category," said J. Kevin Madden, publisher of HG, formerly known as House & Garden.

HOWEVER, James R. Guthrie, executive vice president for marketing at the Magazine Publishers of America, warned that it was too soon for the industry to start popping champagne corks.

The IMF Diet: Room for Improvement?

By Tom Redburn
International Herald Tribune

WASHINGTON — Now that Russia and the other republics of the former Soviet Union have taken the fateful step of agreeing to enter the International Monetary Fund and the World Bank, the premier financial institutions of Western nations, one crucial question remains:

Is there a better way than the usual IMF diet of balanced budgets and strict austerity?

Many analysts are convinced the answer is yes.

The costs of the IMF's current policies "are excessive and excessively protracted," Richard Portes, director of the London-based Center for Economic Policy Research, argues in the forthcoming issue of International Economic Insights, a bimonthly magazine published by the Institute of International Economics.

There are pragmatic measures that could substantially improve the standard program.

The IMF, which ended its two-day policy-making meeting Tuesday, is the West's ultimate economic enforcer. In return for its stamp of approval on a multi-billion dollar aid package for Russia and the other republics, the Fund will extract its pound of flesh.

By Nathaniel C. Nash
New York Times Service
Tacna, Peru — About six months ago, Charles G. Preble, president of Peru's largest private company, announced a \$300-million investment in new projects.

But he had one big worry: He was not certain that international banks would be willing to lead up to \$150 million to finance the projects.

Mr. Preble's worst fears have been borne out. With this month's seizure of near-dictatorial power by President Alberto Fujimori, about \$200 million in capital has already fled the country, presumably for the United States and Europe.

International businessmen that have been looking at Peru as one of the real long shots of Latin American development, worry that the political change has set back their plans months, perhaps years.

Moreover, as the United States puts pressure on its allies and such leading organizations as the Inter-American Development Bank to withhold economic aid to Peru, the future of the country's recovery has a large question mark over it.

Such uncertainty could be nearly disastrous. There are few countries in Latin America where foreign investment and international assistance is more critical for lifting the economy.

Recent studies confirm that the IMF is no longer quite so rigid. The IMF Assessment Project, an impartial outside group, found that the Fund had moved away from its recommendations of high taxes and tariffs. Moreover, in recent years, countries that have met IMF targets demonstrated more economic success than those that failed.

In offering full membership to Russia and other former Soviet republics, the IMF and the World Bank cleared the way for negotiations that would unlock the key to billions of dollars in Western aid over the next few years.

The Russian government, in the next step, will begin a series of meetings with an IMF team on May 4 in Moscow on terms of its adjustment program. Russian officials hope to wrap up the negotiations in June.

Before Russia can formally join the IMF and the World Bank, its parliament must also approve the arrangement and the government must contribute about \$4 billion to fulfill its quota.

Nonetheless, even some of its strongest supporters are suggesting that the IMF, which normally deals with poverty-ridden nations in Latin America, Africa and Asia, needs to find new approaches to transforming a nation from a Stalinist command economy to a market-oriented system.

"A laissez-faire paradise is not going to be created," said Lawrence H. Summers, chief economist of the World Bank.

In response to past criticism, the IMF has modified some of its basic programs to meet the needs of different countries.

What executives fear the most is that since the crackdown was illegal under the country's 1979 constitution, any contracts or agreements with Mr. Fujimori's government could be subject to nullification if he is forced out of office.

Under the Peruvian Constitution, this government has no legitimacy," said a foreign businessman in Lima.

Despite the gloom, however, not everyone believes that Mr. Fujimori's power grab is bad for business. Optimism is high. A few days after the crackdown, for example, a group of local businessmen invited Mr. Fujimori to give a major address to the country from their organization's headquarters.

Lloyds Unveils A Midland Bid, With Strings

Compiled by Our Staff From Dispatches
LONDON — Lloyds Bank PLC threatened Tuesday to bid for its rival Midland Bank PLC, saying it would top a previous offer by the parent of Hongkong & Shanghai Banking Corp. if regulators treated both deals equally.

It would be the first hostile takeover bid by a British clearing bank for one of its rivals.

A bid by Lloyds had been rumored since HSBC Holdings PLC said on March 17 that it was likely to bid for the 85.4 percent of Midland it did not already own.

"It will be incredibly difficult for HSBC to match this," said Chris Wheeler, a banking analyst at Lehman Brothers.

But Lloyds set conditions for making its bid. It said it would not make an offer if the bid were referred to the Monopolies and Mergers Commission for an anti-trust review unless the government also referred the HSBC deal.

Mr. Purves said, "There's no offer to respond to."

For Lloyds, the main attraction is the chance to close up to 1,000 overlapping branches and save large sums of money while giving the combined institutions a pro forma market capitalization of \$8.87 billion, bigger than the two top British banks, Barclays Bank PLC, with capitalization of \$5.74 billion, and National Westminster Bank PLC, with \$5.46 billion.

Midland has 1,830 branches and

HSBC Will Not Easily Abandon Competing Offer
By Laurence Zuckerman
International Herald Tribune
HONG KONG — HSBC Holdings PLC is likely to enter a bidding war to achieve its long-sought marriage with Midland Bank PLC, analysts said Tuesday, but HSBC executives will do their best to prevent it from coming to that.

HSBC abandoned any pretense of gentility and laid into Lloyds for trying to steal its bride.

Capital Flight Deepens Peruvian Gloom

was the only way out. In fact, Mr. Fujimori has been getting approval ratings ranging from 75 percent to 90 percent.

"The people here have been so upset over the past week," said Eric R. Ivey, manager of Southern Peru's copper smelter, which is in llo, about 160 kilometers (100 miles) north of the southern city of Tacna.

Mr. Ivey, like other U.S. businessmen working in Peru, is guarded on his personal feelings about the power seizure.

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CURRENCY RATES

Table with multiple columns for currency rates, including Cross Rates and Other Dollar Values. Columns include currency pairs, bid/ask prices, and time periods.

INTEREST RATES

Table with multiple columns for interest rates, including Eurocurrency Deposits, Key Money Rates, Asian Dollar Deposits, U.S. Money Market Funds, and GOLD. Columns include rates, maturities, and sources.

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Holders of CF-shares will receive their dividend through the intermediary of the institutions where the dividend shares were in custody on April 22, 1992, at office closing time.

MARKET DIARY

Dollar Ends Higher After U.S. Data

NEW YORK — The dollar finished the day higher on Tuesday as traders digested several reports on the status of the U.S. economy. U.S. new-home sales plunged 14.8 percent in March to a seasonally adjusted annual rate of 513,000...

and at 5,5765 French francs, up from 5,5695. The British pound eased to \$1.7768, from \$1.7785. A healthy 2 percent rise in U.S. gross domestic product in the first three months of the year was within expectations...

UPTURN: U.S. Growth Hits 2%

The chief White House economist, Michael Boskin, welcomed the "return to a pattern of growth." Stocks ended mixed. A late rally, driven by computer-generated buy orders, pushed blue-chip stocks slightly higher Tuesday while other issues slipped...

The Dow's small 3.36-point rise came on a late bout of program trading, but the broader market was pressured by high bond yields. Declining issues outnumbered advances of 4 to 3, and the Nasdaq index of over-the-counter stocks fell 6.61 points, or 1.17 percent, to 560.33...

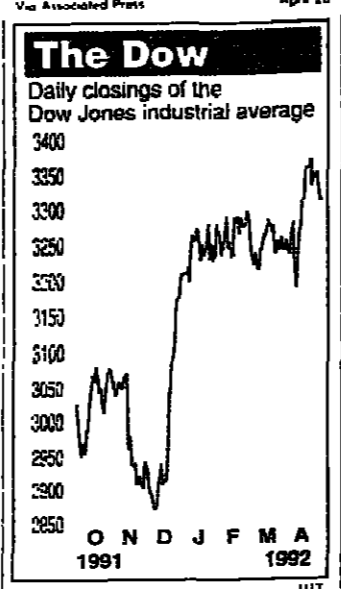


Table with columns: Vol, High, Low, Last, Chg. for NYSE Most Active stocks like Unocal, Phillips 66, etc.

Table with columns: Vol, High, Low, Last, Chg. for AMEX Most Active stocks like CadDevA, Wang, etc.

Table with columns: Vol, High, Low, Last, Chg. for NYSE Diary and NASDAQ Diary.

Table: Dow Jones Averages. Columns: Open, High, Low, Last, Chg. Rows: Indus, Trans, Comp.

Table: NYSE Indexes. Columns: High, Low, Close, Chg. Rows: Composite, Industrials, Finance, etc.

Table: AMEX Stock Index. Columns: High, Low, Close, Chg. Rows: Composite, Industrials, Finance, etc.

Table: Dow Jones Bond Averages. Columns: Close, Chg. Rows: 30 Bonds, 10 Industrials, etc.

Table: S&P 100 Index Options. Columns: Strike, Call, Put, etc. Rows: 270, 280, 290, etc.

EUROPEAN FUTURES

Table: EUROPEAN FUTURES. Columns: Close, High, Low, Prev. Close, Chg. Rows: Food, SUGAR (FOX), COFFEE (FOX), etc.

Table: Stock Indexes. Columns: High, Low, Close, Chg. Rows: FTSE 100 (LIFPE), DAX (LIFPE), etc.

Table: Financial. Columns: High, Low, Close, Chg. Rows: 3-MONTH STERLING (LIFPE), 3-MONTH EURO (LIFPE), etc.

U.S. FUTURES

Table: U.S. FUTURES. Columns: Season, High, Low, Open, High, Low, Close, Chg. Rows: Grains, SOYBEANS (CBT), etc.

Table: U.S. FUTURES. Columns: Season, High, Low, Open, High, Low, Close, Chg. Rows: Metals, COPPER (COMEX), etc.

Table: U.S. FUTURES. Columns: Season, High, Low, Open, High, Low, Close, Chg. Rows: Livestock, CATTLE (CME), etc.

U.S. / AT THE CLOSE

RJR Nabisco Posts Loss for Quarter. NEW YORK (AP) — RJR Nabisco Holdings Corp. reported a small first-quarter loss Tuesday due to the repurchase of expensive debt, but without that one-time cost, its earnings rose sharply...

Lockheed Dividend Higher in Period. LOS ANGELES (Combined Dispatches) — Lockheed Corp. announced Tuesday that it had increased its quarterly stock dividend from 50 cents to 53 cents...

Microsoft Sues Software Distributor. REDMOND, Washington (AP) — Microsoft Corp. has sued one of its software distributors, alleging the company violated its license agreements and flooded distribution channels with unauthorized products...

Losses Deepen for Bethlehem Steel. PITTSBURGH (Reuters) — Bethlehem Steel Corp. said Tuesday that a combination of higher wages and lower prices for its steel deepened its losses in the first quarter to \$44.6 million...

PepsiCo Income Rose 18% in Period. PURCHASE, N.Y. (Reuters) — PepsiCo Inc. said Tuesday its first-quarter earnings rose 17.6 percent to \$241.5 million, largely on strong snack-food sales...

North America Sales Lift Whirlpool. BENTON HARBOR, Michigan (AP) — Whirlpool Corp. reported Tuesday that its earnings climbed 45.8 percent in the first quarter on strong sales of major home appliances in North America...

For the Record. International Business Machines Corp. introduced a personal computer Tuesday that it says is among the most powerful available for use as a "server" connecting a network of PCs...

GM: Carmaker Gains in Quarter

(Continued from page 1) quarter amounted to 2 cents, compared with a loss of \$1.94 a share last year. On Monday, GM's three nonautomotive units — GM Highways, Electronic Data Systems and General Motors Acceptance Corp. — reported gains in operating profit for the first quarter...

\$40.375 on the New York Stock Exchange. GM's worldwide vehicle sales in the quarter totaled 1,764,000, up 6.8 percent from the same period a year ago, when they were dragged down by the worst of the U.S. recession...

BID: Lloyds Threatens to Join Fray

(Continued from first finance page) Ed Sweeney, deputy general secretary of the BIFU banking union, said, "We are totally opposed to a Lloyds bid, which would be bad for jobs and bad for the customer." More than 10,000 jobs have been lost at Lloyds in the past three years, Mr. Sweeney said, and at least 20,000 more would go if Lloyds prevailed...

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WORLD STOCK MARKETS

Table: WORLD STOCK MARKETS. Columns: Close Prev. Rows: Amsterdam, Brussels, Frankfurt, etc.

Stocks

Table: Stocks. Columns: Close Prev. Rows: Amsterdam, Brussels, Frankfurt, etc.

U.S. FUTURES

Table: U.S. FUTURES. Columns: Season, High, Low, Open, High, Low, Close, Chg. Rows: Grains, SOYBEANS (CBT), etc.

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Vertical advertisement on the right edge of the page, partially cut off, mentioning 'Trucks Stall' and 'A Leader in'.

Trucks Stall EFTA Talks

BRUSSELS — A dispute over how many European Community trucks can use Austrian roads is again threatening an accord on the world's largest single market, EC officials said Tuesday.

Hoechst Sees Glimmer of Recovery Despite Drop in First-Quarter Profit

FRANKFURT — Hoechst AG announced Tuesday a 26 percent plunge in first-quarter pretax profit but revised its previously gloomy outlook for 1992, predicting it would start a slow recovery soon.

Germany Halts Aid To Airbus

GENEVA — The European Community told world trade negotiators Tuesday that Germany, under U.S. pressure, had suspended a state aid program for Deutsche Airbus.

COMPANY RESULTS

Table with columns for Company Name, 1991 Revenue, 1991 Profit, 1992 Revenue, 1992 Profit, and % Change. Includes companies like McKesson, Reynolds Metals, United States, and others.

N.Y. Times Offers Russian Biweekly

By Alex S. Jones New York Times Service NEW YORK — The New York Times introduced Tuesday its first foreign-language edition, a biweekly paper in Russian called The New York Times News in Review.

Very briefly:

- Sanofi AG said first-quarter sales rose 17 percent to 4.11 billion Swiss francs (\$2.7 billion), a result it hailed as a good pointer for the year; the weakness of the franc helped results.

PERU: Foreign Capital Takes Off

(Continued from first finance page) to halt any of the projects they agreed to in November. In fact, they said that they hope to increase their profitability significantly under the investment program.

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Table with columns: Period, Ranking, Performance in %. Shows 1st ranking for 1, 3, and 5 years with performance of +15.8, +17.3, and +31.3 respectively.

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appears every WEDNESDAY To place an advertisement please contact your nearest I.H.T. office or representative or call Paris: Max Ferrero: 46-37.93.82 - Philip Oran: 46-37.93.36 Fax: 46-37.93.70 - Telex: 613595

NYSE

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Low High Bid Ask

Symbol	Low	High	Bid	Ask
IBM	111.00	112.00	111.00	112.00
MSFT	48.00	49.00	48.00	49.00
ORCL	35.00	36.00	35.00	36.00
INTL	10.00	11.00	10.00	11.00
DISC	25.00	26.00	25.00	26.00
WALD	15.00	16.00	15.00	16.00
AMZN	18.00	19.00	18.00	19.00
GOOG	22.00	23.00	22.00	23.00
MSFT	48.00	49.00	48.00	49.00
ORCL	35.00	36.00	35.00	36.00
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NASDAQ

Tuesday's Prices

NASDAQ prices as of 4 p.m. New York time. The list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Symbol	Price	% Chg	Volume
IBM	115.00	+0.12	1,234,567
MSFT	45.25	+0.15	987,654
ORCL	32.10	-0.05	765,432
GOOG	215.00	+2.00	543,210
AMZN	18.50	+0.10	432,109
EBAY	12.75	+0.05	321,098
SHOP	35.80	+0.20	210,987
WAL	28.90	+0.15	109,876
WMT	42.15	+0.10	98,765
DIS	38.50	+0.05	87,654
INTL	25.00	+0.10	76,543
TRIP	15.20	+0.05	65,432
HTHT	10.50	+0.05	54,321
HTSI	8.75	+0.05	43,210
HTSO	7.20	+0.05	32,109
HTSI	6.10	+0.05	21,098
HTSO	5.00	+0.05	10,987
HTSI	4.50	+0.05	9,876
HTSO	4.00	+0.05	8,765
HTSI	3.50	+0.05	7,654
HTSO	3.00	+0.05	6,543
HTSI	2.50	+0.05	5,432
HTSO	2.00	+0.05	4,321
HTSI	1.50	+0.05	3,210
HTSO	1.00	+0.05	2,109
HTSI	0.50	+0.05	1,098
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HTSO	0.25	+0.05	987



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AMEX

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div	Yld	PE	High	Low	PA	Chg
51	1.00	.40	AAI		12.5	10.5	11.5	10.5	11.5	-1.0
52	1.00	.40	AAA		12.5	10.5	11.5	10.5	11.5	-1.0
53	1.00	.40	AAA		12.5	10.5	11.5	10.5	11.5	-1.0
54	1.00	.40	AAA		12.5	10.5	11.5	10.5	11.5	-1.0
55	1.00	.40	AAA		12.5	10.5	11.5	10.5	11.5	-1.0
56	1.00	.40	AAA		12.5	10.5	11.5	10.5	11.5	-1.0
57	1.00	.40	AAA		12.5	10.5	11.5	10.5	11.5	-1.0
58	1.00	.40	AAA		12.5	10.5	11.5	10.5	11.5	-1.0
59	1.00	.40	AAA		12.5	10.5	11.5	10.5	11.5	-1.0
60	1.00	.40	AAA		12.5	10.5	11.5	10.5	11.5	-1.0

NYSE

Tuesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month	High	Low	Stock	Div	Yld	PE	High	Low	PA	Chg
100	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00
101	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00
102	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00
103	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00
104	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00
105	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00
106	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00
107	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00
108	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00
109	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00
110	100.00	50.00	IBM	6.00	6.0	15.0	110.00	100.00	100.00	+5.00

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A Bank E
Reluctant Res

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A Bank Bailout, Japan-Style

Reluctant Rescuer Sanwa Bows to Pressure

TOKYO — Japanese banks and financial institutions reached a deal Tuesday that will keep intact a record on other industrialized countries and justify the Japanese financial institution. Since World War II, no Japanese financial institution has gone bankrupt.

Sanwa Bank Ltd. bowed to requests from the Ministry of Finance and the Bank of Japan to rescue Toyo Shinshin Bank, a scandal-hit Osaka-based credit association.

Toyo Shinshin's assets will be sold to 22 Osaka area credit associations to contain the damage from a loan-fraud scandal revealed last August.

Public confidence in the financial system was shaken by the incident. Toyo Shinshin has net debts of about 130 billion yen (\$967 million) and its predicament provoked a severe test for Japan's habitual rescue for financial institutions in trouble: A takeover by a big bank, under the guidance of the Ministry of Finance and the central bank.

"The Toyo Shinshin case was like a natural disaster, and a soundly managed bank was suddenly involved in a criminal case," the Finance Ministry official said.

Toyo Shinshin was at the center of a scandal in which a former branch manager is alleged to have forged deposit certificates worth 342 billion yen, of which about 260 billion yen was finally considered unrecoverable.

The certificates were issued to a restaurant owner, Nui Onoue, who used them as collateral to borrow money from two banks and 10 nonbank financial institutions.

Toyo Shinshin said Tuesday that it was too small to repay the debt stemming from the loan fraud.

Prosecutors charged Ms. Onoue last year with conspiring with the former Toyo Shinshin branch manager to swindle financial institutions. The case is now in court.

Sanwa Bank, which is also based in Osaka and has business connections with Toyo Shinshin, was put under strong pressure by financial authorities to take over the ailing Toyo Shinshin, banking industry sources said.

Sanwa was reluctant to rescue the smaller institution because of the increasingly difficult business environment it faces, marked by financial deregulation at home, international capital rules

that take full effect next year and the collapse of Japan's bubble economy, they said.

The acquisition will place no real financial burden on Sanwa because the bank will not take over Toyo Shinshin's loan or deposit portfolios, Sanwa said in a statement. Industrial Bank of Japan Ltd., one of the two banks that lent money to Ms. Onoue based in part on the false deposit certificates, will help smooth the merger by providing low-cost loans.

The National Federation of Credit Cooperatives will also provide loans, and Sanwa is also planning to seek about 20 billion yen in assistance from the government-run Deposit Insurance Corp.

Tokyo Punishes Yamatane

The Finance Ministry on Tuesday took the first step toward reprimanding securities houses caught in the latest wave of securities scandals by suspending certain trading activities of Yamatane Securities Co. for two weeks, news agencies reported.

Yamatane was ordered to suspend corporate stock trading and corporate fund management at its head office from May 11 to May 22 because the company's management allowed employees to engage in illegal trading practices, a Finance Ministry official said.

The ministry will also revoke the trading licenses of an unidentified manager and deputy manager at the brokerage's institutional sales department who violated Japanese securities law by guaranteeing profits to clients, the official said. Both employees left Yamatane last year.

The Finance Ministry is also considering penalties against sales staff at Cosmo Securities, a brokerage and Investment Securities for their roles in similar bogus, or "fly-by" transactions, a Ministry official said. All four brokerages face payments to clients who suffered investment losses in the transactions.

But the three other brokerages are unlikely to face punishments because the sales were the result of decisions of individual employees and not of the companies' managements, the official said.

Sadao Hashimoto, Yamatane's president, said that the company's commission revenue could be cut by 5 percent during the suspension. He added that Yamatane's commission revenue was usually about 10 million to 30 million yen daily.

(Bloomberg, Reuters)

Seoul Turns To Cuba For Sugar

TOKYO — Cuba, desperate for foreign exchange, has overlooked its long-standing friendship with North Korea and agreed to sell sugar to South Korea for the first time, Japanese commodities traders said Tuesday.

They said that in recent weeks Cuba had agreed to ship about 100,000 metric tons of raw sugar to South Korea through Nishio Iwai Corp., a South Korean trading house.

Cuba has previously avoided selling sugar, which accounts for 80 percent of its foreign-exchange earnings, to South Korea because of its long-standing ties with the North. Cuba and North Korea are among the few remaining hardline communist countries.

A Nishio Iwai executive refused to comment on the deal, saying only, "It's not an appropriate time to talk openly."

South Korea agreed to the deal because it fears a drop in supplies from South Africa, which is suffering from drought. Traders said Seoul usually imported 1 million tons of raw sugar a year from Thailand, Australia and South Africa.

The transaction will open a new export market for Cuba, which traditionally shipped around 4 million tons of sugar at preferential prices to the former Soviet Union in return for petroleum.

The end of the Cold War has drastically changed the business climate.

A second Japanese trading house is also trying to set up a Cuba-South Korea sugar deal but is having problems, traders said. "One problem is the high freight rate. It costs \$35 to \$40 per ton to ship Cuban origin to the Far East, compared with \$20 from Thailand," a sugar trader said.

Taiwan Rushes to Avoid Patents Crisis With U.S.

TAIPEI — Taiwan said Tuesday that it was making last-minute efforts to avoid possible U.S. trade sanctions in a dispute over protection of patents and copyrights.

The government has decided to set up an export inspection system to meet U.S. demands for a crackdown on piracy of computer software, films and music. Officials of the Board of Foreign Trade said.

Violators will have their export licenses revoked and executives of the companies may be jailed.

The U.S. Trade Representative, under Section 301 of the U.S. Trade Law, is due Wednesday to announce a "priority watch list" of countries it believes are not protecting intellectual property. The countries could face punitive tariffs on exports to the United States if they fail to make changes within six months.

U.S.-Taiwan talks on the issue broke down early last month.

It was not clear whether Taiwan's new initiative would be acceptable to the United States, according to Deng Chen-chung, a deputy director of the Board of Foreign Trade. But Washington demanded such inspections at the last bilateral meeting. Previously, Taiwan had pledged only to examine documents of the exports.

Mr. Deng said Taiwan was "making last-ditch efforts to avoid being listed" by the United States.

According to U.S. customs statistics, 75 shipments of pirated information-product exports from Taiwan were seized in 1991, causing an estimated \$370 million loss for U.S. manufacturers.

While the Taiwan parliament changed its agenda Tuesday to include discussion of proposed bills to prevent piracy of intellectual property, several legislators said Taipei should not give in to U.S. pressure.

Separately, U.S. shipping authorities threatened to sanction local shippers if Taipei refused to widen its inland transportation market, saying the transportation and communications minister, Euguen Chen.

(Reuters, AP)

Taipei Backs Douglas Deal

TAIPEI — The Taiwan government has decided to support a plan by Taiwan Aerospace Corp. to invest \$2 billion in the commercial-aircraft operations of McDonnell Douglas Corp., according to Vincent Siew, minister for economic affairs.

Mr. Siew gave his support to the venture in a statement summarizing a feasibility study prepared for a parliamentary hearing on Wednesday. Copies of the report were distributed to legislators Monday and leaked to the media Tuesday.

The joint venture contains high risks but great opportunities," Mr. Siew said in the 16-page report.

Taiwan Aerospace, 29 percent government-owned, signed an accord in November to acquire up to 40 percent of McDonnell Douglas's commercial-aircraft operations. Under the agreement, Taiwan Aerospace would build wings and fuselages for the MD-12, a new wide-body passenger jet.

Thais Seek Cambodia Phone Deal

BANGKOK — TelecomAsia Corp., a unit of Charoen Pokphand Group, one of Thailand's largest conglomerates, said Tuesday it was negotiating with Cambodian government officials on setting up a mobile-telephone system there.

The system is likely to be the cellular mobile-phone system 800 of Motorola Inc., according to Piyabutra Vasudhara, senior executive vice president of United Communication Industry Co., which is likely to be a joint venture with TelecomAsia for the engineering works.

Freddie Pholprasert, TelecomAsia's senior vice president, did not provide figures on the project, but said it was likely to begin in Phnom Penh.

Shenzhen to Offer \$100 Million of Stock to Foreigners

BEIJING — The stock exchange in the southern Chinese city of Shenzhen plans to offer \$100 million more worth of stock to foreigners this year, an official newspaper reported Tuesday.

That would be more than double the value of B shares sold so far to foreigners on the Shenzhen exchange, one of two fledgling stock markets in China.

The bourse in Shenzhen, a special economic zone bordering Hong Kong, has indicated that B shares are expected to be available in 15 to 20 companies by the end of the year. The Shenzhen exchange has 13 listed companies, with five issues of B shares currently trading.

Percy An-young, research chief at Snn Hing Kai Securities Ltd. in Hong Kong, said the amount of additional B shares to be made available to foreigners could run much higher than the target of \$100 million cited in the China Daily.

Investor's Asia

	Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
1991	4150	1300	15000
1992	4650	1500	17500
1992	4850	1600	18000

Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	6,423.39	6,371.77	+0.86
Singapore	Straits Times	1,426.64	1,413.11	+0.96
Sydney	All Ordinaries	1,605.80	1,602.90	+0.18
Tokyo	Nikkei 225	17,527.40	17,450.52	+0.44
Kuala Lumpur	Composite	583.82	581.02	+0.45
Bangkok	SET	788.11	774.52	-0.88
Seoul	Composite Stock	697.24	608.06	-1.78
Taipei	Weighted Price	4,523.95	4,486.45	+0.84
Manila	Composite	1,211.48	1,190.87	+1.73
Jakarta	Stock Index	274.84	274.93	-0.00
New Zealand	NZSE-40	1,447.15	1,453.97	-0.47
Bombay	National Index	1,769.89	1,879.84	-5.85

Sources: Reuters, AFP
International Herald Tribune

Very briefly:

- NEC Corp. plans a joint venture with American Telephone & Telegraph Co. to promote sales of the latter's semiconductors in Japan.
- Honda Motor Co., Toyota Motor Corp. and Mazda Motor Co. will eliminate chlorofluorocarbons from manufacturing before a worldwide ban takes effect in 2000; Nissan Motor Co. already made a similar pledge.
- Nippon Telegraph & Telephone Corp., Japan's most expensive stock at 636,000 yen (\$4,718) a share, may have its shares split by the Finance Ministry, the Nihon Keizai newspaper reported.
- Shokusan Jutsu Sogo, the largest builder of luxury wooden houses in Japan, expects a net loss of 1.06 billion yen for the year ended March 31.
- Singapore and Brunei inaugurated a \$69 million optical-fiber submarine cable network linking their telephone systems, the first phase of the ASEAN Optical Fiber Submarine Cable Network.
- Phillipine International Commercial Bank posted a 16.6 percent increase in profit last year, to 1.13 billion pesos (\$46.3 million).

Bloomberg, AP, Reuters, UPI

FLS to Build Indonesia Cement Plant

COPENHAGEN — FLS Industries A/S, the Danish engineering and aerospace group, said Tuesday its F. L. Smith unit won a 650 million kroner (\$101.7 million) contract to build a cement production line for PT Semen Tonasa, the state-owned Indonesian cement concern.

The production line, to be built in southwest Sulawesi, is to have a capacity of 2.3 million metric tons a year.

FLS said that the contract included technical expertise and all the main machinery, much of which would be made locally.

INTERNATIONAL FUNDS

April 28, 1992

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price. The market symbols indicate currency: \$—Dollar; £—Sterling; D—Deutsch; ¥—Yen; S—South African Rand; Fr—Swiss Franc; A—Austrian Schilling; M—Mexican Pesos; N—New Zealand Dollar; P—Pound Sterling; F—French Franc; G—German Mark; I—Italian Lira; R—Real; S—Spanish Peseta; T—Taiwan Dollar; B—Brazilian Real; C—Canadian Dollar; U—U.S. Dollar.

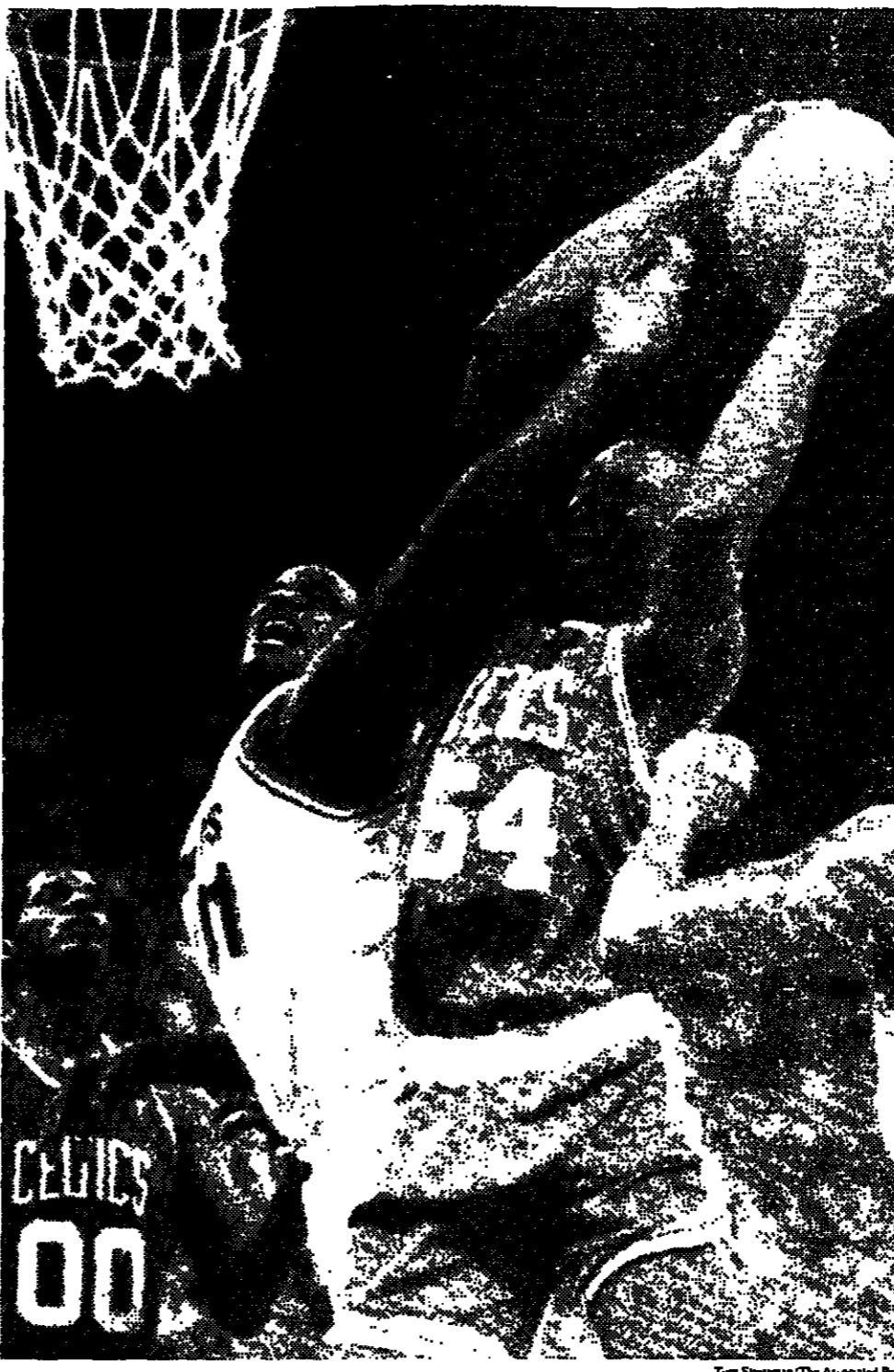
Fund Name	Asset Class	Net Asset Value	Change
ABC INVESTMENT SERVICES CO. (L)	Mutual	112.00	
ABC INVESTMENT SERVICES CO. (L)	Mutual	112.00	
ABC INVESTMENT SERVICES CO. (L)	Mutual	112.00	
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ABC INVESTMENT SERVICES CO. (L)	Mutual	112.00	

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 52 12.

SPORTS PRO PLAYOFFS

Celtics First to Gain 2d Round Lewis, With 32 Points, Helps Defeat Pacers in 3 Games

INDIANAPOLIS — The Boston Celtics have become the first team to advance in the National Basketball Association playoffs, with a 107-96 victory over the Indiana Pacers that swept their best-of-five series.



Ed Pickney of the Celtics kept the ball out of LaSalle Thompson's reach as the Pacers lost, 102-98.

Penguins Stave Off Capitals as Eastern Series Go to Game 6

Mario Lemieux turned from scorer to checker, enabling the Pittsburgh Penguins to avoid turning into former Stanley Cup champions. Teams that hold the National Hockey League's scoring champion to one assist usually beat the Penguins.

SIDELINES

Mahoney Said Replacing Carnesecca As Basketball Coach for St. John's. NEW YORK (AP) — Brian Mahoney, an assistant to Lou Carnesecca for 16 years, will replace him as basketball coach at St. John's, according to sources close to the selection process.

Cup Panel Rules In Favor of Kiwis

By Angus Phillips. SAN DIEGO — An international panel of five yachting judges has dismissed Italy's charge that the New Zealand America's Cup team has been regularly using its unique bowsprit illegally during racing.

SCOREBOARD

BASEBALL

Table with Major League Standings for American League and National League, showing teams like Toronto, New York, and Oakland with their respective records.

Japanese Baseball

Table with Japanese Baseball Standings for Central League and Pacific League, showing teams like Hiroshima and Hanshin.

World Championships

Table with World Championships Standings for Baseball, Basketball, and Hockey, showing various international teams.

HOCKEY

Table with Hockey Standings for Stanley Cup, showing teams like Pittsburgh, Toronto, and Detroit.

NBA Playoffs

Table with NBA Playoffs Standings for Eastern Conference and Western Conference, showing teams like Boston and Los Angeles.

TRANSACTIONS

Table with NBA Transactions, listing player movements between teams such as Detroit to Los Angeles and New York to Boston.

BUSINESS MESSAGE CENTER

A large grid of business advertisements including sections for Business Services, Financial Services, Serviced Offices, and Real Estate, with various contact information and service descriptions.

A large advertisement for AT&T USADirect service, featuring the headline 'OUT OF THE LOOP?' and 'AT&T USADirect® Service can get you back to the office from over 100 countries.' It includes the AT&T logo and a list of countries served.

OBSERVER

Roe v. Wade v. Mayo

By Russell Baker
NEW YORK — The following is from a cassette tape found under the pastrami steps behind the Supreme Court building. Eight distinctive male voices are heard and one female. Fortunately, none can be identified with certainty.

By Stephen Jay Gould
NEW YORK — Older nations can verk the heroes of their antiquity into real gods, fully freed from the quotidian reality of their actual lives. Newcomers like the United States must construct their legends from recent historical figures — and mythology must then compete with memory and documentation.

'The Babe': When a Movie Strikes Out



John Goodman as Babe Ruth in the legendary — very legendary — "called shot" homer of the 1932 World Series.

laugh in derision. He did, however, twice reach third base on towering pops that landed in front of outfielders, just behind the base paths. What is wrong with the reality in this case?
Even the accurate bits are transposed in time to produce a web of maddening anachronism that fatally dilutes a temporal setting otherwise meticulously constructed.

multifaceted life to a single dimension of saccharine sentimentality.
The movie's treatment of legend numero uno is even more manipulative. In the usual version, he visits a seriously ill (or dying) boy named Johnny Sylvester in the hospital and promises to hit a homer for him the next day. (In some versions, he makes Johnny promise to get well in return.)

famous homer: the "called shot" in the 1932 World Series, another dubious tale.)
To construct a simplistic story of the Babe leaving with dignity, the film then shows him striding over to the Braves' owner (who had hounded him into playing with a phony promise that he could manage the team the next season), throwing his hat on the ground in contempt and then walking into the dugout for that final stroll into the dark corridor of his future.

And now, who should follow him into the dugout but — you guessed it — Johnny Sylvester, grown up! He gives Babe the autographed ball back, saying that it had once brought him luck, a commodity that Ruth now needs himself. Babe looks at Johnny and says with simple dignity: "Johnny, I'm gone."
I know that this is an age of 15-second sound bites, and that movies are a medium of mass entertainment. So perhaps this is what the public wants; perhaps we the people deserve no more. But complex films of genuine merit can also be great commercial successes. Doesn't so rich and contradictory a man as Babe Ruth, a figure so central in American history, finally deserve a nonexploitative film? Don't the United States' serious baseball fans, who number in the tens of millions and who pay good money to see movies, merit an honorable version of their chief icon and hero?

TODAY'S BUSINESS MESSAGE CENTER
Appears on Pages 17,23,24

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